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| Legal name(s) shown on Form 1, 1NPR, 2, 3, 4, 4T, 5 or 5S | Identifying Number |
|---|--------------------|

**Part I Complete if claiming the beginning farmer credit**

- 1 Fill in name and address of established farmer from whom you are leasing agricultural assets  
\_\_\_\_\_
  
- 2 Fill in the amount paid in 2011 to enroll in a farm financial management course at an educational institution. Do not fill in more than \$500. Fill in here and on line 28 of Schedule CR ..... **2** \_\_\_\_\_ **.00**

**Part II Complete if claiming the farm asset owner credit**

- 1 Fill in name and address of beginning farmer to whom you are leasing agricultural assets  
\_\_\_\_\_
  
- 2 Date of lease agreement \_\_\_\_\_
  
- 3 Amount received in 2011 from the beginning farmer as lease payments for machinery, equipment, facilities, or livestock used in farming ..... **3** \_\_\_\_\_ **.00**
  
- 4 Multiply line 3 by 15% (.15) ..... **4** \_\_\_\_\_ **.00**
  
- 5 Fill in the farm asset owner credit passed through from other entities ..... **5** \_\_\_\_\_ **.00**
  
- 6 Add lines 4 and 5. This is your 2011 farm asset owner credit (see instructions) . **6** \_\_\_\_\_ **.00**
  
- 6a Fiduciaries – Enter the amount of credit allocated to beneficiaries ..... **6a** \_\_\_\_\_ **.00**
  
- 6b Fiduciaries – Subtract line 6a from line 6 ..... **6b** \_\_\_\_\_ **.00**

**INSTRUCTIONS**

**GENERAL INSTRUCTIONS**

**Purpose of Schedule FL**

A beginning farmer uses Schedule FL to claim the beginning farmer credit. An established farmer uses Schedule FL to claim the farm asset owner credit.

**Who is Eligible to Claim the Credit**

The beginning farmer credit is only available to individuals who lease agricultural assets from an established farmer. The farm asset owner credit is available to any individual, estate, trust, partnership, limited liability company (LLC), corporation, tax option (S) corporation, insurance company, or tax-exempt organization that leases agricultural assets to a beginning farmer.

A claim may not be filed on behalf of a deceased person.

The credits can only be claimed by full-year residents of Wisconsin. The credit must be claimed within 4 years of the unextended due date of the return.

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit; instead the credit flows through to the partners, members, or shareholders based on their ownership interests.

Estates and trusts share the credit with their beneficiaries in proportion to the income allocable to each.

To be eligible for the credit, both the beginning farmer and the established farmer must have a certificate of eligibility from the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP). For information on the application requirements, you may contact DATCP at the Wisconsin Farm Center at 1-800-942-2474 or by e-mail at: [farmcenter@wisconsin.gov](mailto:farmcenter@wisconsin.gov).

### Definitions

“Beginning farmer” is an individual who: has a net worth of less than \$200,000; has farmed for fewer than 10 years out of the preceding 15 years; has entered into a lease for a term of at least 3 years with an established farmer for the use of the established farmer’s agricultural assets; and uses the leased agricultural assets in farming.

“Established farmer” is a person that has engaged in farming for a total of at least 10 years; owns agricultural assets; and has entered into a lease for a term of at least 3 years with a beginning farmer for the use of the person’s agricultural assets.

“Financial management program” means a course in farm financial management that is offered by an educational institution.

“Educational institution” means the Wisconsin Technical College System, the University of Wisconsin-Extension, the University of Wisconsin-Madison, or any other institution that is approved by DATCP.

“Agricultural assets” means machinery, equipment, facilities, or livestock that is used in farming.

“Farming” means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity including the raising, shearing, feeding, caring for, training, and management of animals. Trees (other than trees bearing fruit or nuts) shall not be treated as an agricultural or horticultural commodity.

### Credit is Income

The credit that you compute on Schedule FL is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

### Credits are refundable

If the amount of credit exceeds the tax otherwise due, the amount of the claim not used to offset the tax due will be refunded.

## SPECIFIC INSTRUCTIONS

### Part I – Beginning Farmers

Complete Part I of Schedule FL to claim the beginning farmer credit.

This is a one-time credit. If you claim the credit for 2011, you may not claim it again at any time in the future.

### Part II – Established Farmers

Complete Part II to claim the farm asset owner credit. You may claim this credit for the first 3 years of the lease of the agricultural assets to the beginning farmer.

**Line 6** Enter the amount of credit from line 6 on line 28 of Schedule CR. See the following exceptions:

- If the claimant is a combined group member, enter the amount of credit on Form 4M instead of Schedule CR.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 6 among the shareholders, partners, or members based on their ownership interest. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.
- Fiduciaries – Complete lines 6a and 6b.

**Line 6a** *Fiduciaries* – Prorate the credit from line 6 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries’ portion of the credit on line 6a. Show the credit for each beneficiary on Schedule 2K-1.

**Line 6b** Subtract line 6a from line 6. This is the estate’s or trust’s portion of the credit. Fill in here and on line 28 of Schedule CR.

### Required Attachments to Return

File your completed Schedule FL with your Wisconsin franchise or income tax return. Include a copy of your certificate of eligibility from DATCP. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, and beneficiaries of estates or trusts must file a copy of Schedule 5K-1, 3K-1, or 2K-1, as appropriate, with Schedule FL instead of the certificate of eligibility.

### Additional Information

For more information, you may contact any Department of Revenue office or:

Call (608) 266-2772

E-mail your question to: [income@revenue.wi.gov](mailto:income@revenue.wi.gov).