



WISCONSIN MANUFACTURING AND AGRICULTURE CREDIT

(formerly Wisconsin Qualified Production Activities Credit)

Fact Sheet 1107

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The manufacturing and agriculture credit is available to individuals and entities for taxable years that begin on or after January 1, 2013, for manufacturing and agricultural activities in Wisconsin.

This fact sheet provides a general overview of the Wisconsin manufacturing and agriculture credit. This credit was formerly known as the qualified production activities credit.

CLAIMING THE CREDIT

A schedule to be used for claiming the credit will be available on the department's website by December 1, 2013.

WHO IS ELIGIBLE TO CLAIM THE CREDIT

An individual, estate, trust, partnership, limited liability company (LLC), or corporation can compute the credit if the claimant owns or rents and uses in Wisconsin real property and improvements assessed as agriculture property under [s. 70.32\(2\)\(a\)4.](#), Wis. Stats., or owns or rents and uses in Wisconsin real and personal manufacturing property assessed under [s. 70.995](#), Wis. Stats.

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit; however, the credit computed by those business entities can pass through to the partners, members, or shareholders.

Trusts and estates may pass the credit through to their beneficiaries based on the income allocable to each.

WHO MAY NOT CLAIM THE CREDIT

Insurance companies cannot claim the credit.

Note: A person who rents land to, for example a farmer, to be used in agriculture cannot claim the credit based on the rental income. Only the farmer who rented the land and used it in agriculture may use the rented land value in computing the credit.

CREDIT COMPUTATION

The credit is a percentage of "eligible qualified production activities income." The credit is calculated by multiplying eligible qualified production activities income by one of the following percentages.

- For taxable years beginning after December 31, 2012, and before January 1, 2014, 1.875 percent
- For taxable years beginning after December 31, 2013, and before January 1, 2015, 3.75 percent
- For taxable years beginning after December 31, 2014, and before January 1, 2016, 5.526 percent
- For taxable years beginning after December 31, 2015, 7.5 percent

For a corporation, eligible qualified production activities income is the lesser of:

- eligible qualified production activities income,
- income apportioned to Wisconsin, or
- income taxable to Wisconsin as determined by combined reporting law, if the corporation is a member of a Wisconsin combined group

Income from the following activities may not be used to claim the credit

- Film production,
- Producing, transmitting or distributing electricity, natural gas, or potable water,
- Constructing real property (except that income from producing real property can qualify for the credit),
- The sale of food and beverage that you prepared at a retail establishment,
- The lease, rental, license, sale, exchange, or other disposition of land, and
- Engineering or architectural services.

CREDIT IS INCOME

The amount of credit that is claimed is income and must be reported as income on the claimant's Wisconsin franchise or income tax return for the taxable year

immediately after the taxable year in which the credit is computed.

UNUSED CREDITS

The amount of credit not entirely offset against Wisconsin income or franchise taxes may be carried forward and credited against Wisconsin income or franchise taxes due for up to fifteen years.

The credit can only be used to offset the Wisconsin franchise or income tax due of the corporation that generated it. It cannot be shared with other members of a combined group.

Nothing in this fact sheet replaces or changes any provisions of Wisconsin tax law, administrative rules, or court decisions.

Last Updated: May 1, 2013

RESOURCES

- [Common Questions](#)
- [Wisconsin Tax Bulletin – April 2013 Tax Release](#)