



WISCONSIN BUSINESS DEVELOPMENT CREDIT Fact Sheet 1120

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The business development credit is available to claimants certified by the Wisconsin Economic Development Corporation (WEDC) for taxable years that begin on or after January 1, 2016.

This fact sheet provides a general overview of the Wisconsin business development credit. Detailed information about the credit will be available in the instructions for Schedule BD on the department's website at revenue.wi.gov in the fall of 2016.

CLAIMING THE CREDIT

Use Schedule BD to claim the credit and include Schedule BD with your Wisconsin franchise or income tax return. Also include a copy of the certificate of eligibility to claim tax benefits issued by WEDC when the tax return is filed. For more information regarding how to become certified, visit the WEDC website at inwisconsin.com.

WHO IS ELIGIBLE TO COMPUTE THE CREDIT

An individual, estate, trust, partnership, limited liability company (LLC), or corporation can compute the credit if the claimant is certified by WEDC.

WHO MAY NOT CLAIM THE CREDIT

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit (they cannot use it to offset a tax liability); 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.

CREDIT COMPUTATION

The credit is refundable, so any amount remaining after reducing the tax liability to zero will be refunded to the claimant.

The credit is equal to the following as determined by WEDC:

1. Up to 10% of the wages the claimant paid to an eligible employee in the taxable year.
2. In addition to any amount claimed for an eligible employee under 1., up to 5% of the wages the claimant paid to an eligible employee in the taxable year if the eligible employee is employed in an economically distressed area as determined by WEDC.
3. Up to 50% of the claimant's training costs to undertake activities to enhance an eligible employee's general knowledge, employability, and flexibility in the workplace; to develop skills unique to the claimant's workplace or equipment; or to develop skills that will increase the quality of the claimant's product.
4. Up to 3% of personal property investment and up to 5% of real property investment in a capital investment project that involves a total capital investment of at least \$1,000,000 or, if less than \$1,000,000, involves a capital investment equal to at least \$10,000 per eligible employee employed on the project.
5. A percentage of the wages the claimant paid to an eligible employee in the taxable year if the position was created or retained in connection with the claimant's location or retention of the claimant's corporate headquarters in Wisconsin and the job duties associated with the eligible employee's position involve the performance of corporate headquarters functions.

ADDITIONAL INFORMATION

- "Eligible employee" means a person employed in a full-time job by a person certified by WEDC.

- WEDC may certify a person to receive tax benefits if:
 - 1) the person is operating or intends to operate a business in Wisconsin and,
 - 2) the person applies and enters into a contract with WEDC.
- The certification may remain in effect for no more than 10 cumulative years.
- A person is eligible to receive tax benefits if, in each year for which the person claims tax benefits, the person increases net employment in Wisconsin in the person's business above the net employment in Wisconsin in the person's business during the year before the person was certified, as determined by WEDC under its policies and procedures.
- WEDC may require a person to repay any tax benefits the person claims for a year in which the person failed to employ an eligible employee required by an agreement.

- No credit may be allowed unless the WEDC certification for tax benefits is included with the return on which the credit is claimed.

CREDIT IS INCOME

The amount of credit computed is income and must be reported as income on the claimant's Wisconsin franchise or income tax return except that credits computed by a partnership and passed through to partners shall be added to the partnership's income, and credits computed by a tax-option corporation and passed through to shareholders shall be added to the tax-option corporation's income.

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

Last updated: September 8, 2015