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## WISCONSIN MANUFACTURING AND AGRICULTURE CREDIT

Fact Sheet 1107

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

This fact sheet provides a general overview of the Wisconsin manufacturing and agriculture credit. Detailed information about the credit is available in the instructions for Schedules MA-M or MA-A located on the department's website at [revenue.wi.gov](http://revenue.wi.gov), or the common questions at: [revenue.wi.gov/faqs/ise/manufagr.html](http://revenue.wi.gov/faqs/ise/manufagr.html)

### CLAIMING THE CREDIT

Use Schedule MA-M or MA-A to claim the credit and include the schedule with your Wisconsin franchise or income tax return.

### 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 or 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 uses the land to generate qualified production activities income is eligible to compute the credit and may otherwise use the value of the rent paid 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, 5.025 percent
- For taxable years beginning after December 31, 2015, 7.5 percent

### LIMITATIONS

- For individuals, the credit, including any credits carried over, may be offset only against the amount of the tax imposed upon or measured by the business operations of the claimant on which the credit is computed.
- For shareholders of a tax-option corporation, the credit may be offset only against the tax imposed on the shareholder's prorated share of the tax-option corporation's income.

- For partners of a partnership, the credit may be offset only against the tax imposed on the partner's distributive share of partnership income.
- For members of a limited liability company, the credit may be offset only against the tax imposed on the member's distributive share of the limited liability company's income.
- For a corporation, the amount of eligible qualified production activities income that a claimant may claim in computing the credit 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
- The amount of eligible qualified production activities income that may be claimed in computing the credit is required to be reduced by the amount of qualified production activities income upon which the Wisconsin credit for taxes paid to another state is claimed.

## FIRST-YEAR MANUFACTURERS

A claimant that is approved by the Department of Revenue to be classified as a manufacturer for purposes of s. [70.995](#), but who is not eligible to be listed on the department's manufacturing roll until January 1 of the following year, may claim the credit in the year in which the manufacturing classification is approved.

## NONQUALIFYING ACTIVITIES

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 materials which become 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 computed 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.

## RESOURCES

- [Common Questions](#)
- [Corporation Franchise and Income Tax General Topical Index](#) (See "Manufacturing and agriculture credit" under "M")

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