

Wisconsin Economic Development Corporation (WEDC) Income/Franchise Tax Credit Revocations

Fact Sheet 1125

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This fact sheet provides information about the tax consequences of income/franchise tax credit revocations.

Credits Certified by WEDC

The following tax credits require certification by WEDC before they may be claimed and used on the income or franchise tax return:

- Angel investment
- Business development
- Development zones
- Early stage seed investment
- Economic development
- Electronics and information technology manufacturing zone
- Enterprise zone jobs
- Jobs tax
- Supplement to federal historic rehabilitation
- Technology zones

Credit Revocations

After tax credits have been certified, WEDC verifies the activities of the taxpayer to ensure they have completed the requirements to earn the credits. Common reasons for revoking credits include not creating and maintaining the appropriate number of jobs, not expending the agreed upon amount for capital improvement projects, or other contractual violations. Revoked credits are handled as follows:

- If the revoked credit was not used to offset income/franchise taxes or received as a refund, the credit does not need to be repaid, however, it cannot be used on future income tax returns
- If the revoked credit was used to offset income/franchise taxes or received as a refund, the credit must be repaid by filing an amended return as explained below

Paying Back Previously Used Credits

Revoked credits that have been used to offset an income/franchise tax liability or received as a refund must be repaid to the Department of Revenue (DOR) as follows:

- File an amended income or franchise tax return to adjust the credit to the appropriate amount as determined by the WEDC credit revocation letter
- An amended return is filed by completing another [tax return](#) and checking the amended return box located in the upper portion of the first page
- Interest of [12% per year](#) is computed from the unextended due date of the original tax return to the date the amount on the amended return is paid according to sec. [71.82\(1\)\(c\)](#), Wis. Stats.

Timeframe for DOR to Recover Credits

DOR may make an assessment within [one year](#) of receiving notice of revocation from WEDC to recover all or a part of any tax credit claimed and used by a taxpayer. To minimize interest costs, amended returns should be filed as soon as possible after receiving the credit revocation letter from WEDC.

Additional Information

- For information on WEDC credit revocations, contact your regional [WEDC representative](#)
- For information on amending individual income tax returns, refer to the [common questions](#)
- Visit the department's [website](#) for electronic versions of all Wisconsin tax forms and publications
- Email your questions to DORFranchise@wisconsin.gov
- Contact our Customer Service Bureau at (608) 266-2486

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 31, 2022: chs. 71 and 238, [Wis. Stats.](#)

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.

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