**State of Wisconsin**
**Department of Revenue**

# Wisconsin Farmland Preservation Credit

## For Use in Preparing 2015 Claims

Publication 503 (12/15)

# Table of Contents

There are no substantive changes since the last version of this publication.

**CAUTION**

The information in this publication reflects the position of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature that are effective as of December 15, 2015. It applies to farmland preservation credit claims filed for the taxable year 2015, except where otherwise indicated. Laws enacted after this date, new administrative rules, and court decisions may change the interpretations in this publication.

# I. WHICH SCHEDULE TO FILE

A farmland preservation credit claim may be filed using Schedule FC, Schedule FC-A, or both. However, a credit may not be claimed on the same acreage using both Schedule FC and Schedule FC-A.

**File Schedule FC** if 1) you are subject to a farmland preservation agreement entered into prior to July 1, 2009 (see notes below), and 2) you otherwise qualify (see "Who May Claim the Credit" on page 5).

**Notes:**

- A farmland preservation agreement is considered entered into prior to July 1, 2009, if 1) the application for the agreement was submitted to the county clerk between January 1, 2008, and June 30, 2009, and 2) the agreement was entered into on or after July 1, 2009.
- An agreement entered into prior to July 1, 2009, may be modified in order to file your farmland preservation claim using Schedule FC-A. For more information, contact the Wisconsin Department of Agriculture, Trade and Consumer Protection at (608) 224-4633.

**File Schedule FC-A** if 1) you have an ownership interest in a farm that is covered by an original or modified farmland preservation agreement entered into on or after July 1, 2009 (see notes above) or located in an area designated in a certified exclusive agricultural use zoning or farmland preservation zoning ordinance and 2) you otherwise qualify (see "Who May Claim the Credit" on page 10).

# II. SCHEDULE FC

## A. Definitions

### 1. Owner

Owner means a resident of Wisconsin owning land and includes any of the following: (a) an individual, (b) a corporation, including a publicly traded partnership or a limited liability company (LLC) treated as a corporation, incorporated in Wisconsin, (c) a grantor of a revocable trust, (d) a qualifying trust, (e) an estate, (f) each member of a partnership or association having a joint or common interest in land, (g) each member of an LLC that is treated as a partnership, (h) each shareholder of a tax-option (S) corporation, (i) the vendee under a land contract, and (j) a guardian on behalf of a ward.

When farmland is subject to a life estate, the person who has an ownership interest and is operating the farm and paying the property taxes is considered the owner. When property is transferred during a claim year by a method other than a sale, such as through a gift, divorce, death, bankruptcy, foreclosure, or repossession, the owner of the property on the property tax levy date is considered the owner.

An owner does not include the estate of an individual who is a nonresident on the date of death, a trust created by a nonresident, a trust that receives Wisconsin real property from a nonresident, or a trust in which a nonresident grantor retains a beneficial interest.

### 2. Household

Household means an individual, his or her spouse if married, and all dependents while they are under age 18. When dependent children reach age 18, they are no longer considered members of a household for purposes of determining a farmland preservation credit.

### 3. Household income

For *individuals*, household income means the income of an individual, the income of his or her spouse if married, and the farm income of all dependents while they are under age 18. "Farm income" is the amount of income, including wages, earned on the farm for which the claim applies.

Household income includes all income that is reportable for Wisconsin income tax purposes except nonfarm income of dependents, plus certain items excluded or deducted in computing taxable income and certain types of nontaxable income.

The excluded or deducted items include nonfarm business losses (exclusive of depreciation, amortization, depletion, and intangible drilling expenses), depreciation (except the first $25,000 of farm depreciation per household), amortization, capital gains, capital loss carryforward, net operating loss carryback, gain on the sale of a personal residence excluded for federal tax purposes (except nonrecognized gain from an involuntary conversion, such as destruction or condemnation), contributions to IRAs, self-employed SEP plans, and SIMPLE plans (except nondeductible contributions and rollover contributions), contributions to qualified plans, intangible drilling costs, and depletion allowances.

The types of nontaxable income include nontaxable unemployment compensation, nontaxable social security and SSI payments (before any deduction of Medicare premiums), court ordered support money, veterans' pension and disability payments, pensions, IRA, SEP, and SIMPLE payments, annuities, railroad retirement benefits, interest on U.S. securities, nontaxable interest on state and municipal bonds, workers' compensation, loss of time insurance, cash public assistance, county relief, Wisconsin Works payments, scholarships, fellowships, grants, nontaxable military compensation or cash benefits, a housing allowance provided to a member of the clergy, income of a nonresident or part-year resident spouse, nontaxable deferred compensation, nontaxable income from sources outside Wisconsin, nontaxable income of Native Americans, and a rent reduction or free rent for a resident manager.

Nontaxable amounts added to income on a farmland preservation credit claim for a previous year and repaid may be subtracted from household income in the year repaid. Scholarship and fellowship income included in taxable income may be subtracted from household income to the extent that same income was also included on a farmland preservation credit claim for a previous year. Adjust your household income by the amount of any repayment or current year's scholarship and fellowship income previously included, and enclose a written explanation for the adjustment with Schedule FC.

For *corporations (except tax-option (S) corporations)*, household income includes: (1) income, as defined under the Wisconsin Statutes, that is reportable for Wisconsin franchise or income tax purposes; (2) any farm business loss carryforward allowed; (3) depreciation claimed (except the first $25,000 of farm depreciation); (4) all nonfarm business losses (exclusive of depreciation); and (5) the household income of each corporate shareholder (including the shareholder's spouse and dependents while under age 18) of record at the end of the corporation's taxable year. (See the preceding definition of household income for individuals.)

The corporate shareholders' household income is totaled using Worksheet 4 (Computing Corporation Shareholder Income), which appears on page 14 in the instructions for Schedule FC.

For *trusts and estates*, household income has the same meaning as for individuals; however, household income is not reduced for income distributable to the trust's or estate's beneficiaries.

### 4. Gross farm profits

Gross farm profits means gross receipts from the land's agricultural use, less the cost or other basis of livestock or other items that were purchased for resale and sold or otherwise disposed of during the taxable year. Gross farm profits include the fair market value, at the time of disposition, of payments in kind received for placing land in federal programs.

Gross farm profits do **not** include receipts from renting the land, the fair market value of crops grown but not sold during the year, fuel tax credits or refunds, or a previous year's farmland preservation or farmland tax relief credit.

"Agricultural use" includes beekeeping; commercial feedlots; dairying; egg production; floriculture;

fish or fur farming; forest and game management; grazing; livestock raising; orchards; plant greenhouses and nurseries; poultry raising; raising of grain, grass, mint, and seed crops; raising of fruits, nuts, and berries; sod farming; and vegetable raising. Agricultural use also includes placing land in federal programs in return for payments in kind, and owning land of which at least 35 acres are enrolled in the Conservation Reserve Program.

## B. Who May Claim the Credit

An owner (see Part A.1. on page 3 for definition) may qualify for a farmland preservation credit for 2015 if *all* of the following conditions are met:

1. The owner must be subject to a farmland preservation agreement or transition area agreement that was entered into prior to July 1, 2009, and in effect on July 1, 2015. If the agreement expired in 2015, it must have expired on or after July 1, 2015.

2. a. An individual, trust, or estate must be resident of Wisconsin for the entire taxable year. The taxable year may be a calendar year (January 1 through December 31) or a fiscal year, but it must be for the same period as the income tax return.

   b. A corporation must be organized under the laws of Wisconsin.

3. An individual (and, if applicable, the individual's spouse) must not claim homestead credit for 2015 nor the veterans and surviving spouses property tax credit based on 2015 property taxes (payable in 2016).

4. The 2014 property taxes for the property on which the claim is based must have been paid in full.

5. The Wisconsin farmland on which the claim is based must be at least 35 acres.

6. The farmland on which the claim is based must have produced at least $6,000 of *gross farm profits* (see Part A.4 on page 4 for definition) during the taxable year 2015 or at least $18,000 in gross farm profits during the taxable years 2013, 2014, and 2015 combined. However, if at least 35 acres of the farmland were enrolled in the Conservation Reserve Program, the gross farm profits requirement does not have to be met.

   If the farmland is rented out, the renter's gross farm profits produced from the farmland are used to satisfy this requirement.

   Gross farm profits do not include the fair market value of crops grown but not sold during the year or receipts from renting the land.

7. There must not have been notification that the owner is in violation of a soil and water conservation plan or standards for any farmland. However, if a notice of cancellation of the noncompliance is received before the deadline for filing the claim, the claim may be filed by the deadline, provided the other conditions are met.

Only one member of a *household* (see Part A.2 on page 3 for definition) may claim the credit. If two or more members of a household each qualify (for example, where a husband and wife are married filing separate returns), they must determine between themselves who will claim the credit.

Partners, members of LLCs treated as partnerships, tax-option (S) corporation shareholders, and grantors of revocable trusts must file for this credit as individuals on their individual income tax returns.

Corporations other than tax-option (S) corporations must file for this credit on the corporation franchise or income tax return. This includes publicly traded partnerships and LLCs treated as corporations.

The trustee of a qualifying trust or the personal representative of an estate must file for this credit on the trust or estate tax return.

## C. How To File A Claim

Enclose with your 2015 Schedule FC copies of your 2015 property tax bills and whichever of the following documents pertain to your farmland:

1. Zoning certificate. If you submitted a zoning certificate with a previous year's farmland preservation credit claim, you do not need to enclose another one with your 2015 claim. However, before you file your claim you must notify the County Land Con-

servation Committee that you intend to file a 2015 Schedule FC. You must also place a checkmark in the designated area on Schedule FC, line 19, certifying that all of the information on the previously submitted zoning certificate is still applicable, and that you have notified the County Land Conservation Committee that you intend to file a 2015 Schedule FC.

2. Farmland preservation agreement (copy, not original). If you have an agreement that was extended to 25 years, enclose a copy of the executed extension agreement. Also enclose a copy of the original agreement if the parcel numbers are not shown on the extension agreement. Include Exhibit "A," if made part of the original agreement to provide the legal description of the property.

   If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.

3. Statement of transfer of property subject to farmland preservation agreement (copy, not original). Also enclose a copy of the original agreement if the parcel numbers are not shown on the transfer agreement. Include Exhibit "A," if made part of the original agreement to provide the legal description of the property.

   If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.

4. Closing statement signed by both the buyer and the seller, and the deed or land contract relating to the purchase or sale, if any of the farmland on which the claim is based was purchased or sold during the claim year (copies, not originals);

5. Document to verify your percentage of ownership in the property;

6. Statement signed by your county treasurer, indicating the date your 2014 property taxes were paid in full, if any of your 2015 property tax bills show unpaid prior year taxes.

**Note:** Incomplete claims or claims without proper enclosures may be questioned. Be sure your claim is complete so your credit is not delayed.

Schedule FC should be enclosed (paper clipped) immediately behind your Wisconsin individual income tax form, corporation franchise or income tax form, or trust or estate tax form that is filed with the Wisconsin Department of Revenue.

However, if you have already filed your 2015 Wisconsin tax return and later decide to file a claim for farmland preservation credit for the same taxable year, do the following:

- Complete an amended tax return and enclose Schedule FC with it.
- Write "Tax Return Previously Filed" at the top of Schedule FC.
- Include a complete copy of your 2015 Wisconsin and federal tax return, marked "Copy."
- Mail them to the address shown on the amended tax return.

**Electronic Filing:** If you file Schedule FC electronically, mail all of the required Schedule FC enclosures, along with a completed Form W-RA, *Required Attachments for Electronic Filing*, to Wisconsin Department of Revenue, P.O. Box 8977, Madison, WI 53708-8977.

Note: Form W-RA and attachments may be transmitted to the department in an electronic file over the Internet. Additional information and instructions for this application are available on the department's website at revenue.wi.gov under "Online Services."

## D. When a Claim Must Be Filed

Your 2015 farmland preservation credit claim may be filed at any time up to four years after the unextended due date of your 2015 tax return. For calendar year filers, the deadline for filing a 2015 Schedule FC is April 15, 2020 (March 16, 2020 for corporations). This filing deadline applies whether you compute your credit using the current year's law or the prior year's law method.

## E. How Much Credit is Allowable

The maximum amount of farmland preservation credit you can receive is $4,200. Generally, the higher your property taxes, the higher the credit, and the lower your *household income* (see Part A.3 on page 3 for definition), the higher the credit. Only the first $6,000 of net property taxes levied in 2015 on farmland and improvements on which a claim is based may be used in computing the amount of credit available on a 2015 claim.

"Net property taxes" are the net real estate taxes after state aids, school tax credits, the first dollar credit, and the lottery and gaming credit, if applicable. Net property taxes do not include personal property taxes, special assessments, delinquent interest, charges for services, dog license tax, or tax for managed forest land or forest cropland. Property taxes are "levied" on the date the property tax roll is delivered to the local treasurer for collection, usually in early December of each year.

If you sold property on which the claim is based during the taxable year, you may claim only the portion of property taxes prorated to you in the closing statement pertaining to the sale. If no property taxes are prorated in the closing statement, you may not use those property taxes in your computation. If you purchased property on which the claim is based during the taxable year, you may claim the total net property taxes less the amount, if any, allocated to the seller in the closing statement.

If any property on which the claim is based is owned by a partnership, LLC treated as a partnership, or tax-option (S) corporation, or is co-owned with persons or entities other than a member of your household, you may claim only the portion of property taxes that reflects the ownership percentage of you and your household. If the property tax bills list names other than yours or a member of your household's as the owner, and either you did not verify your ownership with a previous year's Schedule FC or your ownership percentage has changed since 2014, submit verification of your percentage of ownership in the property.

If you have a property tax bill that includes land located partly inside and partly outside an exclusive agricultural use district, land that is not subject to your farmland preservation agreement, or land which is used to compute a credit using Schedule FC-A, you must prorate the property taxes to arrive at the amount to use for farmland preservation credit. To do this proration, you may use Worksheet 3 (Property Tax Proration), which appears on page 13 in the instructions for Schedule FC.

### 1. Credit based on the current year's law method

Farmland preservation credit is generally computed using the law in effect at the end of the taxable year (the "current year's law" method). The table below contains examples of the amount of credit claimants can receive based on various household income amounts as computed under the current year's law method, and various net property taxes.

| Household Income (Schedule FC, Line 10) | Net Property Taxes (Schedule FC, Line 11b) | Credit (From Table 2) |
|---|---|---|
| $ 5,000 | $2,000 | $1,791 |
| 10,000 | 2,000 | 1,484 |
| 15,000 | 4,000 | 2,638 |
| 20,000 | 4,000 | 2,261 |
| 25,000 | 5,000 | 2,361 |
| 30,000 | 6,000 | 2,115 |

A claimant will receive 80% of the credit shown in the above table.

**Note:** If you have farmland in two or more municipalities, part of the farmland may qualify for 80% of the credit and part may qualify for 70% or 100% of the credit. If this is the case, you should compute your farmland preservation credit using the "multiple municipality proration" method, by completing Worksheet 2 (Multiple Municipality Proration), which appears on page 12 in the instructions for Schedule FC.

### 2. Credit based on the prior year's law method

If your claim is based on farmland subject to a farmland preservation agreement that was executed from July 1, 1990, through August 15, 1991, and you report interest on state and municipal bonds on line 9p of Schedule FC, you may compute your 2015 credit using either (1) the current year's law method as explained in Part 1, or (2) the law as it existed on the date your agreement was executed (the "prior year's law" method). If you had an agreement that was extended to 25 years, the executed date on your original agreement is the required date. You may claim whichever credit is the largest.

To determine the amount of credit available by using the prior year's law method, you should complete Worksheet 1 (Computing 2015 Farmland Preservation Credit Based on the Prior Year's Law Method), which appears on page 11 in the instructions for Schedule FC.

### 3. Special minimum credit

Regardless of the amount of your household income, you are entitled to a minimum farmland preservation credit if you meet all of the other conditions (see Part B on page 5), and you compute your credit using the current year's law method. The amount of credit available is 10% of your property taxes. Since allowable property taxes are limited to $6,000, the maximum credit available under this provision is $600 ($6,000 x 10%).

## F. Receipt of Credit is Income

A farmland preservation credit from Schedule FC that you receive **may** be includable as income for federal income tax purposes, as explained in Part 1. However, regardless of whether the credit is includable for federal tax purposes, the full amount of any farmland preservation credit received **must** be included in taxable income for Wisconsin income tax purposes, as explained in Part 2. A farmland preservation credit is considered "received" whether it is paid to you by check or direct deposit, credited against your franchise or income tax, or offset against a delinquent tax or other debt on the department's records.

### 1. Federal treatment

If you receive a farmland preservation credit, the federal tax treatment of the credit depends on whether you take a deduction for the property taxes upon which the credit is based, and when this deduction is taken. If you already deducted your property taxes on your federal tax return, you must include the credit in gross income to the extent of any federal income tax benefit received (see Example 1 in Part 3). If you have not deducted and will not deduct your property taxes on your federal tax return, you have received no tax benefit and are not required to include the credit in gross income. If you will be deducting your property taxes on your federal tax return for the same year the credit is received, you must reduce the deduction by the amount of the credit (see Example 2 in Part 3).

### 2. Wisconsin treatment

The total amount of farmland preservation credit you receive must be included in taxable income on your Wisconsin individual income tax return, corporation franchise or income tax return, trust return, or estate tax return for the year in which it is received. Any portion not included in federal adjusted gross income (the starting point for determining Wisconsin taxable income) must be included as an addition to federal income (for example, on line 4 of the 2015 Wisconsin Form 1).

Partners, members of LLCs treated as partnerships, and tax-option (S) corporation shareholders must report their credit received as other income on their individual income tax returns. The credit should not be reported as income on the tax return of the partnership, LLC, or tax-option (S) corporation.

Your farmland preservation credit will decrease any income tax due or increase any income tax refund. The full amount of the credit allowed, rather than the net amount received, must be included in Wisconsin taxable income. As an illustration, assume that on your 2014 Wisconsin Form 1 you have a tax liability of $600 and are allowed a farmland preservation credit of $1,000, resulting in a refund check of $400, which you receive in 2015. The total credit of $1,000 is taxable income on your 2015 Wisconsin income tax return, not just the $400.

### 3. Examples

Example 1: You file a 2014 farmland preservation credit claim based on 2014 property taxes of $5,500, which you paid in 2014. You deducted the taxes on your 2014 federal return and received a tax benefit from the deduction. You receive a 2014 farmland preservation credit of $1,700 in 2015.

Federal - You report the $1,700 farmland preservation credit received in 2015 as other income.

Wisconsin - The $1,700 credit is included in your federal adjusted gross income, which is the starting point for determining Wisconsin taxable income.

No adjustment of that amount is required for Wisconsin purposes.

Example 2: You file a 2014 farmland preservation credit claim based on 2014 property taxes of $5,000, which were paid in 2015. Of the property taxes on which the claim is based, 85% ($4,250) are farm taxes deductible on federal Schedule F, and 15% ($750) are personal taxes deductible on federal Schedule A. You receive a 2014 farmland preservation credit of $1,600 in 2015.

Federal - You report the farmland preservation credit of $1,600 received in 2015 on your 2015 federal income tax return by reducing the farm tax deduction by 85% of the credit and the itemized deduction for property taxes by 15% of the credit. Your Schedule F deduction of $4,250 is reduced by $1,360 (85% of $1,600) to $2,890, and your Schedule A deduction of $750 is reduced by $240 (15% of $1,600) to $510.

Wisconsin - You report the farmland preservation credit of $1,600 received in 2015 on your 2015 Wisconsin income tax return by bringing $1,360 forward as federal adjusted gross income (the farm property tax deduction, which is reduced from $4,250 to $2,890 on federal Schedule F), and by adding $240 as an addition to federal income on Form 1 (this is the 15% of the credit used to reduce the itemized deduction for property taxes on federal Schedule A, which is not brought forward to Wisconsin Form 1).

### G. Marriage, Divorce, or Separation Occurs During the Year

#### 1. Marriage occurs during the year

Only one 2015 farmland preservation credit claim may be filed per *household* (see Part A.2 on page 3 for definition). In determining household income, you must include both spouses' incomes for the entire year. The property taxes to be used in the credit computation include both spouses' total applicable farm property taxes for the entire year.

#### 2. Divorce occurs during the year

Both spouses may file a farmland preservation credit claim if they are legally separated under a **final** decree of separate maintenance or divorce, and both spouses have an ownership interest in the farm on the tax levy date of the claim year.

In determining household income, include the claimant's income for the entire year and none of the ex-spouse's income. However, note that the claimant's income for the portion of the year before the divorce will include one-half of the combined marital property income. Innocent spouse provisions may apply for a spouse who had no control over the marital property income and no notification of it. See Wisconsin Publication 109, *Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2015*, for more information.

The property taxes to be used in the credit computation include the claimant's ownership percentage of applicable farm property taxes for the entire year and no portion of the ex-spouse's property taxes.

#### 3. Spouses separated

If spouses are separated during any portion of the year but are not legally separated under a **final** decree of separate maintenance or divorce, they are married and the rules for married claimants apply. See Part 1.

## III. SCHEDULE FC-A

### A. Definitions

#### 1. Farm

Farm means all land under common ownership that is primarily devoted to agricultural use.

**Example:** You and Individual C own a 40 acre parcel in County A and a 60 acre parcel in County B. All 100 acres are primarily devoted to agricultural use. The two parcels are considered one farm.

**Example:** You own a 100 acre parcel with Individual D and an adjacent 80 acre parcel with Individual E. All 180 acres are primarily devoted to agricultural use. The two parcels are considered two separate farms.

### 2. Farmland preservation zoning district

Farmland preservation zoning district means an area designated in a certified exclusive agricultural use zoning or farmland preservation zoning ordinance.

To determine the number of acres of a farm designated in a farmland preservation zoning district, contact the appropriate zoning authority.

### 3. Gross farm revenues

Gross farm revenues means gross receipts from agricultural use of a farm, excluding rent receipts, less the cost or other basis of livestock or other agricultural items purchased for resale which are sold or otherwise disposed of during the taxable year.

"Agricultural use" means any of the following activities conducted for the purpose of producing an income or livelihood or any other use that the Department of Agriculture, Trade and Consumer Protection, by rule, identifies as an agricultural use.

- Crop or forage production.
- Keeping livestock.
- Beekeeping.
- Nursery, sod, or Christmas tree production.
- Floriculture.
- Aquaculture.
- Fur farming.
- Forest management.
- Enrolling land in a federal agricultural commodity payment program or a federal or state agricultural land conservation payment program.

### 4. Household

Household means an individual, his or her spouse if married, and all dependents while they are under age 18. When dependent children reach age 18, they are no longer considered members of a household for purposes of determining a farmland preservation credit.

### 5. Owner

Owner means a resident of Wisconsin owning land and includes an individual, a corporation incorporated in Wisconsin (including a publicly traded partnership or limited liability company (LLC) treated as a corporation), a grantor of a revocable trust, a qualifying trust, an estate, each member of a partnership or association having a joint or common interest in land, each member of an LLC that is treated as a partnership, each shareholder of a tax-option (S) corporation, a vendee under a land contract, and a guardian on behalf of a ward.

An owner does not include a trust created by a nonresident, a trust that receives Wisconsin real property from a nonresident, or a trust in which a nonresident grantor retains a beneficial interest. An owner also does not include the estate of an individual who is a nonresident on the date of death.

When farmland is subject to a life estate, the person who has an ownership interest and is operating the farm and paying or legally responsible for paying the property taxes is the owner who may claim the credit.

### 6. Qualifying acres

Qualifying acres means the number of acres of a farm that 1) correlate to a claimant's ownership percentage and 2) are located in a farmland preservation zoning district or covered by a farmland preservation agreement.

Example: You own 75% of a 100 acre farm. 80 of the 100 acres are in a farmland preservation zoning district. You have 60 (80 x 75%) qualifying acres.

## B. Who May Claim the Credit

Individuals (including shareholders of tax-option (S) corporations, partners, members of LLCs treated as partnerships, and grantors of revocable trusts), corporations other than tax-option (S) corporations, publicly traded partnerships or LLCs treated as corporations, qualifying trusts, and estates may qualify for a farmland preservation credit for 2015 if *all* of the following conditions are met:

1. You or any member of your household (see Part A.4 in the previous column for definition) must have been the owner (see Part A.5 in the previous column for definition) of the Wisconsin farmland for which the credit is being claimed, during your taxable year that begins in 2015.

2. You must have been a resident of Wisconsin for the entire taxable year. The taxable year may be either calendar year 2015 or a fiscal year beginning in 2015, but it must be for the same period covered by your 2015 income tax return.

   A corporation must have been organized under the laws of Wisconsin.

3. You and your spouse must not claim homestead credit for 2015 or the veterans and surviving spouses property tax credit based on 2015 property taxes (payable in 2016).

4. You must have paid to or be legally responsible for paying to the taxing authority the 2015 property taxes levied against the qualifying acres (see Part A.6 on page 10 for definition) to which the claim relates.

5. Your farm (see Part A.1 on page 9 for definition) must be located in a farmland preservation zoning district (see Part A.2 on page 10 for definition) at the end of the taxable year to which the claim relates, or must be wholly or partially covered by an original or modified farmland preservation agreement entered into after July 1, 2009.

   If you transferred ownership of your farm during the taxable year to which the claim relates, on the date ownership was transferred the farm must have been either 1) located in a farmland preservation zoning district or 2) wholly or partially covered by an original or modified farmland preservation agreement entered into after July 1, 2009.

6. Your farm must have produced at least $6,000 of gross farm revenues (see Part A.3 on page 10 for definition) during the taxable year to which the claim relates or at least a total of $18,000 in gross farm revenues during the taxable year to which the claim relates and the 2 immediately preceding taxable years. If you rent out your farm, the renter's gross farm revenues are used to satisfy this requirement.

7. As of the end of the taxable year to which the claim relates, there must not have been an outstanding notice of noncompliance with a soil and water conservation plan or standards issued against your farm.

   If you transferred ownership of your farm during the taxable year to which the claim relates, there must not have been an outstanding notice of noncompliance with a soil and water conservation plan or standards issued against your farm on the date ownership was transferred.

   To determine if your farm is in compliance, contact the County Land Conservation Committee.

   **Note:** A claim may be based on the qualifying acres of more than one farm. Each farm to which the claim relates must meet qualifications 5, 6, and 7 in the previous column.

## C. How to File a Claim

Enclose with your 2015 Schedule FC-A all of the following items that pertain to each farm on which your claim is based:

- Certification issued by the county land conservation committee of compliance with soil and water standards. (**Exception:** This enclosure is not required if 1) you submitted a certificate of compliance with a previous year's claim and 2) the farm's acreage has not since changed.)
- Complete, legible copies of your 2015 property tax bills or computer printouts signed by the county or municipal treasurer. The property tax bills or computer printouts must show all of the following information: the year; the owner's name; the parcel numbers and legal description of the property; the acreage; the assessed value of land and improvements; any special assessments; property taxes before and after state aids and credits, including lottery and gaming credit, if applicable; and a space for indicating whether there are unpaid property taxes for prior years.
- An executed original or modified farmland preservation agreement (copy, not original).

  If a different numbering system is used to identify parcels on the agreement and the property tax bills, enclose an explanation to reconcile the difference.
- Closing statement signed by both the buyer and the seller, and the deed or land contract relating to the purchase or sale, if the farm on which the claim is based was purchased or sold during the claim year (copies, not originals).

- Document to verify your percentage of ownership (if there are names on the property tax bills other than yours and your spouse's and 1) you did not verify your ownership percentage with a prior year's claim or 2) your ownership percentage has changed since 2014).

Schedule FC-A should be enclosed (paper clipped) immediately behind the 2015 Wisconsin income or franchise tax return when it is filed. Your tax return and Schedule FC-A should be mailed to the address shown on the tax return.

However, if you previously filed your 2015 Wisconsin tax return and now wish to file a farmland preservation credit claim, do the following:

- Complete an amended tax return and enclose Schedule FC-A with it.
- Write "Tax Return Previously Filed" at the top of Schedule FC-A.
- Include a complete copy of your 2015 Wisconsin and federal tax return, marked "Copy."
- Mail them to the address shown on the tax return.

**Electronic Filing:** If you file Schedule FC-A electronically, mail all of the required Schedule FC-A enclosures, along with a completed Form W-RA, *Required Attachments for Electronic Filing*, to Wisconsin Department of Revenue, PO Box 8977, Madison WI 53708-8977.

Note: Form W-RA and attachments may be transmitted to the department in an electronic file over the Internet. Additional information and instructions for this application are available on the department's website at revenue.wi.gov under "Online Services."

### D. When a Claim Must Be Filed

A 2015 farmland preservation credit claim must be filed not later than 4 years after the unextended due date of your 2015 tax return. For calendar year filers, the 2015 Schedule FC-A must be filed by April 15, 2020 (March 16, 2020, for corporations).

### E. How Much Credit is Allowable

The credit is a flat payment of $5, $7.50, or $10 per qualifying acre of farmland.

### F. Receipt of Credit is Income

A farmland preservation credit from Schedule FC-A is income for federal income tax purposes and Wisconsin income and franchise tax purposes in the year received.

## IV. ADDITIONAL INFORMATION

If you have any questions regarding agricultural zoning or applying for a farmland preservation agreement, you may contact your local county extension office or zoning administrator, or call the Wisconsin Department of Agriculture, Trade and Consumer Protection at (608) 224-4633.

If you have any questions about the tax aspects of the farmland preservation program, or to obtain copies of Schedule FC or Schedule FC-A and instructions, call or visit any Wisconsin Department of Revenue office. There is no charge for this assistance. Your local telephone directory may show the location and telephone number of the office nearest you. You may also contact the department by any of the following methods:

Telephone. .(608) 266-2442

Fax . . . . . . (608) 267-0834

Email . . . . FarmlandPreservationCredit@revenue.wi.gov

Internet website revenue.wi.gov – click on "Common questions"