

Wisconsin's Relocated Business Deduction or Credit

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As part of its "Wisconsin Is Open For Business" campaign, Wisconsin's government has passed legislation tailored to creating additional jobs in the state, as well as create incentives to bring new employers into the state. As part of these efforts, the Wisconsin relocated business deduction was created.

The relocated business tax deduction is available for taxable years beginning on or after January 1, 2011. A qualifying individual, estate, or trust may claim the deduction. Deductions calculated by partnerships, LLCs, and S-Corporations are passed through to the partners, members, or shareholders.

Who Qualifies for the Deduction?

To qualify, a business has to move either (1) 51% or more of the work force payroll of the business or (2) at least \$200,000 of wages paid to the work force to Wisconsin during the first taxable year to which the deduction or credit relates. However, the incentive is not available for a claimant who has done business in Wisconsin during any of the two taxable years preceding the first taxable year in which the deduction or credit is allowed.

How is the Deduction Computed?

The deduction from Wisconsin income equals the net business income earned by the business after it relocated to Wisconsin. The deduction may be claimed in the year of relocation plus the following year, combining for two consecutive years of deductions.

The deduction will be calculated on Schedule RB (Relocated Business Credit or Deduction) and will be filed with the related income tax return. The schedule has not been finalized, but is available in [draft form](#). Wisconsin Department of Revenue plans on releasing the final version by the end of 2011.

What about Corporations?

Don't worry, C-Corporations you were not forgotten when this bill was passed. C-Corporations may be able to take a credit for relocating to Wisconsin instead of a deduction. The qualifications are the same for both the credit and deduction, but instead of reducing business income, the credit reduces the corporation's Wisconsin income tax liability dollar for dollar. The credit is equal to the amount of income tax liability after applying all other allowable credits, deductions, and exclusions.

Proper guidance relating to the relocated business credit and deduction has not been issued by the Wisconsin Department of Revenue. Once guidance is available we will update you on any information that may affect the eligibility or calculation of these incentives.