Wisconsin Super Research and Development Credit –
EXPIRES DECEMBER 31, 2013
Fact Sheet 1111

This fact sheet provides a general overview of the Wisconsin Super Research and Development Credit. For further information go to the instructions for Schedule R, available at revenue.wi.gov.

What is the purpose of the credit?
The super research and development credit provides an incentive for increasing qualified research expenses in Wisconsin beyond the level that qualifies for the Wisconsin research expense credit.

Who can qualify for the credit?
You can claim a credit if you are:

- A C-corporation (a corporation taxed under subchapter C of the Internal Revenue Code),
- A publicly traded partnership that is taxed as C-corporation,
- A limited liability company that is taxed as C-corporation, or
- An exempt corporation, provided that its qualified research expenses in Wisconsin are increased as a part of an unrelated trade or business.

Who does not qualify for the credit?
You cannot claim a credit if you are:

- A partnership,
- A limited liability company taxed as a partnership,
- A tax-option (S) corporation,
- An individual, or
- A partner, member, or shareholder, including a partner of a publicly traded partnership.

In what years can you claim the credit?
You can claim the credit in taxable years beginning on or after January 1, 2011 and before January 1, 2014.

How do you calculate the credit?
The credit equals the amount of qualified research expenses paid or incurred in a tax year that exceeds 1.25 times the average annual research expenses from the previous three years.

Can you claim other research credits in addition to the super research and development credit?
Yes. The super research and development credit can be claimed in addition to the other research credits.

Is the credit refundable or nonrefundable?
The credit is nonrefundable.

Can you carry unused credit to future tax years?
Yes. If you do not use the entire credit against Wisconsin franchise or income taxes due for the current taxable year, you can carry the balance forward for five years.

Credits computed but not used prior to the credits existing January 1, 2014 may be carried forward subject to the 5 year carry forward limitation.

Can you use the credit to offset the economic development surcharge?
No. You cannot offset the economic development surcharge with the credit.

On what schedule and form do you claim the credit?
You claim the credit on Schedule R, Wisconsin Research Credits, Part III.

The credit is considered income in the year that it is computed and must be reported as an addition on Schedule V, Wisconsin Additions to Federal Income.

Attach both of these schedules to your Wisconsin tax return.

When must you claim the credit?
You must claim the credit within four years of the unextended due date of your corporation's tax return.

A corporation files as a member in a combined group. Can it share the credit with other members?
No. The credit can only offset the Wisconsin franchise or income taxes due of the corporation that generated it.
What research expenses qualify for the credit?
Wisconsin follows the federal definition of qualified research expenses found in section 41(b), Internal Revenue Code, as amended to December 31, 2010. That is, qualified research expenses (QRE) are the sum of in-house research expenses and contract research expenses. However, Wisconsin further limits the QRE in two ways.

First, QRE must be incurred in Wisconsin. If QRE are incurred in and outside Wisconsin and the amount incurred in Wisconsin cannot be accurately determined, a portion of the QRE can be reasonably allocated to Wisconsin. QRE that are incurred entirely outside Wisconsin cannot be allocated to Wisconsin, even if they are incurred for the benefit of research in Wisconsin.

Second, QRE cannot include compensation used to claim the development zones jobs credit and development zones credits.

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