

Credit is Income

The credit you compute on Schedule PE is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

Carryover of Unused Credits

Any unused credit may be carried forward for 15 years. If there is a reorganization of a corporation claiming the credit, the limitations provided by Internal Revenue Code sec. 383 may apply to the carryover of the unused credit.

Specific Line Instructions

Line 1: Enter the amount paid to reimburse an individual for the tuition that the individual paid or incurred to attend a qualified postsecondary institution.

The credit may be claimed only for the taxable year in which the individual graduates from a course of instruction in an amount equal to the total amount paid or incurred for all taxable years in which the claimant paid or incurred such amounts related to that individual.

A “qualified postsecondary institution” means (a) a University of Wisconsin System institution, a technical college system institution, or a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, and (b) a school approved by the Educational Approval Board if the delivery of education occurs in Wisconsin.

“Course of instruction” means a series of classroom or correspondence courses having a unified purpose which lead to a diploma or degree or to an occupational or vocational objective.

Line 2: Enter one of the following amounts on line 2:

- Twenty-five percent (0.25) if the individual was enrolled in a course of instruction and eligible for a grant from the federal Pell Grant Program.
- Thirty percent (0.30) if the individual was enrolled in a course of instruction that relates to a projected worker shortage in Wisconsin, as determined by the local workforce development board, and if the individual was eligible for a grant from the federal Pell Grant Program.

Line 4: Enter the amount of postsecondary education credit passed through from tax-option (S) corporations, partnerships, LLCs treated as partnerships, estates or trusts. The pass-through credit is shown on Schedule 5K-1 for shareholders of tax-option (S) corporations, Schedule 3K-1 for partners and LLC members, and Schedule 2K-1 for beneficiaries of estates or trusts.

Line 5: Add line 3 and line 4. This is the total current year postsecondary education credit. Enter the amount of credit from line 5 on line 1 of Schedule CR. See the following exceptions:

- If the claimant is a combined group member, enter the amount of credit on Form 4M instead of Schedule CR.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 5 among the shareholders, partners, or members based on their ownership interest. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.
- Fiduciaries who file Form 2 must complete lines 5a and 5b.

Line 5a: *Fiduciaries* - Prorate the credit from line 5 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 5a. Show the credit for each beneficiary on Schedule 2K-1.

Line 5b: *Fiduciaries* - Subtract line 5a from line 5. This is the estate or trusts portion of the credit. Enter the amount of credit from line 5b on line 1 of Schedule CR.

Required Attachments to Return

File your completed Schedule PE with your Wisconsin franchise or income tax return. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, and beneficiaries of estates or trusts must file a copy of Schedule 5K-1, 3K-1, or 2K-1, as appropriate, with Schedule PE.

Additional Information

For more information, you may:

- E-mail your question to corp@revenue.wi.gov
- Call (608) 266-2772 [TTY: Call the Wisconsin Telecommunications Relay System at 711]
- Send a FAX to (608) 267-0834
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, PO Box 8906, Madison WI 53708-8906.