

Federal Business Incentives

Domestic Production Activities Deduction	Manufacturers can claim a federal deduction worth up to 9% of qualified production activities income. Qualified production includes property manufactured, produced, grown or extracted in whole or significant part in the United States. Also eligible for the deduction is real property construction, engineering and architectural services performed in the United States. The deduction may be limited by income and W-2 wages.
R&D Tax Credit	Certain expenses paid or incurred for qualified research and development (R&D) are eligible for the federal R&D credit. Research undertaken to discover information that is technological in nature and intended for use in developing a new or improved business component can qualify. Substantially all of the activities of the research must be elements of a process of experimentation relating to a new or improved function, performance, reliability or quality.
Work Opportunity Credit	Federal work opportunity credits are available for qualified wages paid to certain targeted groups. Targeted groups include long-term family assistance recipients, qualified recipients of temporary assistance for needy families, qualified veterans, qualified ex-felons, designated community residents, vocational rehabilitation referrals, summer youth employees, supplemental nutrition assistance program benefit recipients, SSI recipients or qualified long-term unemployment recipients. The credit requires certification for each employee from the state workforce agency.

Wisconsin Business Incentives

Manufacturing and Agriculture Tax Credit	A Wisconsin credit of up to 7.5% is available on income derived from manufacturing and/or agricultural property located in Wisconsin. The claimant must rent or own Wisconsin real property assessed as agriculture property or real or personal property assessed as manufacturing property by the state of Wisconsin.
Research and Development Credit	A Wisconsin credit of up to 5.75% of the excess of qualified research expenses for the current year over a base period amount is available for qualified research. Qualified research follows the federal definition although the expenses must be incurred in Wisconsin.
Sales Tax Exemption Qualified Research	Wisconsin exempts purchases of certain property used exclusively and directly in qualified research from sales and use tax. The purchaser must be assessed by Wisconsin as a manufacturer or primarily engaged in biotechnology in Wisconsin. The exemption applies to tangible personal property, including fuel and electricity, and certain other property consumed or destroyed or losing its identity while being used exclusively and directly in qualified research and machinery and specific processing equipment, including attachments, parts and accessories, used exclusively and directly in qualified research.
Business Development Credit	A business certified by the Wisconsin Economic Development Corporation (WEDC) may qualify for the Business Development Credit. In general the credit is claimed on increases in net employment in Wisconsin occurring after certification with WEDC. The credit could have multiple components including up to 10% of wages paid by claimant to eligible employees, 50% of training costs, 3% of personal property investment, or 5% of real property investment.