

Special Instructions when calculating the Married Couple Credit

Any military pay that is subtracted from Wisconsin income using subtraction code 20 (line 11 of Form 1) cannot be included in wages on line 1 of Schedule 2 – Married Couple Credit when Both Spouses are Employed.

Special Instructions for Armed Forces Personnel Filing Form 1NPR

If the taxpayer was a member of the U.S. uniformed services, they should not include military compensation on line 1 column B (federal column) Form 1NPR that was received during a period of time in which they were a nonresident of Wisconsin. **This does not apply to Wisconsin residents who are stationed outside Wisconsin.**

Form instructions:

If the taxpayer meets this exception, fill in “09” in the Special Conditions box on page 1 of Form 1NPR. Fill in the amount of military compensation on the line next to the box.

Special Instructions for Reserve or National Guard Members

Taxpayers that are in the Reserves or National Guard and served on active duty, should not include any military pay in Wisconsin income that is included on their W-2 and that was:

- (1) received from the federal government,
- (2) received after being called into active federal service or into special state service authorized by the federal Department of Defense, and
- (3) paid for a period of time during which the taxpayer was on active duty.

This only applies to members of the Reserves or National Guard who are called into active federal service under 10 USC 12302(a) or 10 USC 12304 or into special state service under 32 USC 502(f).

However, it does not apply to pay that members of the Reserves and National Guard receive for weekend and two-week annual training. It also does not apply to a person who is serving on active duty or full-time duty in the active guard reserve (AGR) program.

Form instructions:

Form 1NPR filers should subtract this income from their Wisconsin W-2 income for line 1 (column A), and fill in “14” in the Special Conditions box on page 1 of Form 1NPR.

Form 1 filers claiming this subtraction, fill in subtraction code “20” and the amount on line 11 of page 1 of Form 1.

If taxpayers are eligible for this subtraction, they also must subtract this income from line 1 on Schedule 2 (Married Couple Credit).

Special Instructions for Resident Taxpayers with Federal Penalties on IRAs, Other Retirement Plans, MSAs, Etc.

The Wisconsin penalty on IRAs, retirement plans, medical savings accounts (MSAs), etc., is equal to 33% of the following federal taxes:

- Tax on IRAs, other qualified retirement plans, etc., (line 58 of federal Form 1040). Do not include any amount from line 8 of federal Form 5329.
- Total tax due from lines 4, 17, 25, 33, 41, 49 and 53 of federal Form 5329 (include only if the tax due on this form was paid separately and is not included on line 58 of your Form 1040).
- Tax on excess contributions (line 2 of federal Form 5330).
- Tax on prohibited transactions (lines 3a and 3b of federal Form 5330).
- Section 72(m)(5) excess benefits tax (included in the total on line 60 of federal Form 1040).
- Tax on Archer MSA distributions (line 9b of federal Form 8853).
- Tax on health savings account distributions (line 17b of federal Form 8889).

Form instructions:

Form 1 filers subject to any of the above federal taxes for 2011, fill in the total of such taxes in the space provided on line 38. Multiply the amount filled in by .33 (33%) and fill in the result on line 38.

Form 1NPR resident filers subject to any of the above federal taxes for 2011, fill in the total of such taxes in the space provided on line 64. Multiply the amount filled in by .33 (33%) and fill in the result on line 64.

Note Taxpayers are not subject to the penalty on payments from certain retirement plans if the payments are exempt from Wisconsin tax. See form instructions for information on retirement payments that are exempt from Wisconsin tax and to which the penalty does not apply.

If the taxpayer was a Wisconsin resident at the time the distribution was received, it is subject to this penalty.

Special Instructions For Certain Schedules

Schedule DC	Schedule JC	Schedule JT	Schedule WB
Schedule DM	Schedule FL	Schedule MI	Schedule WC
Schedule EC	Schedule FP	Schedule MP	Veterans
Schedule ED	Schedule FW	Schedule OS	Surviving Spouse
Schedule FC	Schedule H	Schedule PE	Property Tax
Schedule FC- A	Schedule HR	Schedule TC	Credit
	Schedule IE	Schedule VC	

1. Form W-RA must be mailed when claiming a credit for any of the above schedules. All certifications and other supporting documentation for each schedule must be attached.
2. Taxpayers claiming the Historic Rehabilitation Credit passed thru from an S-Corporation or a Partnership may not e-file as these taxpayers are not required to file the Schedule HR.