

# Wisconsin Tax Information for Retirees

## Includes Information on:

- Who Must File
- Provisions Affecting Retirees
- Various Wisconsin Taxes
- 2008 Tax Rates

Use this publication in preparing your 2008 tax return. There are no substantive differences between the 2007 and 2008 versions of this publication.

### I. INTRODUCTION

This publication includes Wisconsin tax information of special interest to retirees.

### II. WHO MUST FILE A WISCONSIN INCOME TAX RETURN

If you had gross income for 2008 of at least the amount shown in the chart below, you must file a 2008 Wisconsin income tax return.

Filing status	Age as of December 31, 2008	Gross income (or total gross income of husband and wife) during 2008 was:
Single	Under 65	\$9,660 or more
	65 or older	\$9,910 or more
Married – filing joint return	Both spouses under 65	\$18,000 or more
	One spouse 65 or older	\$18,000
	Both spouses 65 or older	\$18,040
Married – filing separate return	Any age	\$9,000 or more (applies to each spouse individually-must use Form 1)
Head of household	Under 65	\$12,270 or more
	65 or older	\$12,520 or more

### Exceptions:

- If you are a part-year resident or nonresident of Wisconsin, you must file a Wisconsin income tax return if your gross income (or combined gross income of you and your spouse) is \$2,000 or more for 2008.
- If you could be claimed as a dependent by another taxpayer on that taxpayer's federal or Wisconsin income tax return, special rules apply. You must file a Wisconsin return if you had gross income of \$900 or more which included more

than \$301 of nonwage income (for example, interest, dividends, etc.).

Gross income includes all income (before deducting expenses) reportable to Wisconsin which is received in the form of money, property, or services. It does not include items which are exempt from Wisconsin tax. For example, gross income does not include the portion of your social security benefits which is not taxable to Wisconsin or nontaxable interest from U.S. government securities.

### III. PROVISIONS WHICH MAY AFFECT RETIREES

**Social Security Benefits** None of your social security benefits are includable in your 2008 Wisconsin taxable income. Wisconsin does not follow the federal law which taxes up to 85% of social security benefits for 2008.

**Railroad Retirement Benefits** Railroad retirement benefits are not taxable for Wisconsin.

**Pensions and Annuities** Generally, the amount of your pension and annuity income that is taxable for federal purposes is taxable for Wisconsin if you are a full-year resident of Wisconsin. However, retirement benefits received on the account of a person who was a member of the Wisconsin State Teachers Retirement System, certain Milwaukee city and county retirement systems, or a U.S. government retirement system as of December 31, 1963, are exempt from Wisconsin income tax. In addition, all retirement payments received from the U.S. military retirement system and from the U.S. government that relate to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, or the commissioned corps of the Public Health Service are exempt from Wisconsin income tax.

**Note:** If you worked in Wisconsin but are now a resident of another state, payments you receive from a *nonqualified* pension or annuity or a *nonqualified* deferred compensation plan are taxable by Wisconsin unless (1) the distribution is paid out in annuity form over your life expectancy or for a period of not less than 10 years, or (2) the distribution is paid in either an annuity form or lump-sum from arrangements known commonly as "mirror plans." Payments from a *qualified* plan are not taxable for Wisconsin when received by a nonresident, even though the pay-

ments may be attributable to personal services performed in Wisconsin.

**Additional Personal Exemption Deduction** Persons age 65 or older on December 31, 2008, are allowed an additional personal exemption deduction of \$250. If you are married filing a joint return and both you and your spouse were age 65 or older on December 31, 2008, you are allowed an additional exemption deduction of \$250 for yourself and \$250 for your spouse.

**Homestead Credit** Retirees who are full-year residents of Wisconsin may qualify for homestead credit if they meet certain conditions. Homestead credit provides direct relief to home owners and renters. One of the qualifications is that your total household income (both taxable and nontaxable income) must be below \$24,500 for 2008.

**Working Families Tax Credit** This credit reduces or completely eliminates the Wisconsin income tax for persons (including retirees) who are full-year residents of Wisconsin whose income is less than \$10,000 (\$19,000 if married filing a joint return).

**Estimated Tax Payments** If you have income from which Wisconsin tax is not withheld (for example, interest income or pension or annuity income), you may be required to prepay your tax in installments. Generally, you must pay estimated tax if your tax return will show a balance due of \$200 or more. You may be subject to an interest charge if you do not make required payments of estimated tax.

#### IV. DESCRIPTIONS OF WISCONSIN TAXES

Nonresidents of Wisconsin who are considering moving to Wisconsin after retirement frequently ask about Wisconsin taxes that may affect them. Following are brief descriptions of the major Wisconsin taxes which affect individuals.

**Individual Income Tax** The schedules at the top of the next page show the individual income tax rates for full-year Wisconsin residents for 2008.

#### 2008 Tax Rate Schedules

Schedule A - For Single Taxpayers, Head of Household, Estates, and Trusts				
If Taxable Income Is:		The 2008 Gross Tax Is:		
over –	but not over –			of the amount over –
\$ 0	\$ 9,700		4.60%	\$ 0
9,700	19,400	\$ 446.20	+ 6.15%	9,700
19,400	145,460	1,042.75	+ 6.50%	19,400
145,460 or over		9,236.65	+ 6.75%	145,460

Schedule B - For Married Taxpayers Filing Jointly				
If Taxable Income Is:		The 2008 Gross Tax Is:		
over –	but not over –			of the amount over –
\$ 0	\$ 12,930		4.60%	\$ 0
12,930	25,860	\$ 594.78	+ 6.15%	12,930
25,860	193,950	1,389.98	+ 6.50%	25,860
193,950 or over		12,315.83	+ 6.75%	193,950

Schedule C - For Married Taxpayers Filing Separately				
If Taxable Income Is:		The 2008 Gross Tax Is:		
over –	but not over –			of the amount over –
\$ 0	\$ 6,470		4.60%	\$ 0
6,470	12,930	\$ 297.62	+ 6.15%	6,470
12,930	96,980	694.91	+ 6.50%	12,930
96,980 or over		6,158.16	+ 6.75%	96,980

**Note:** Nonresidents and part-year residents of Wisconsin must prorate the levels of income to which the above tax rates apply by the ratio of their Wisconsin income to federal adjusted gross income.

Wisconsin taxable income is federal adjusted gross income with certain adjustments. The Wisconsin standard deduction reduces taxable income. Various credits are available which reduce the tax.

**Sales Tax** The Wisconsin sales tax rate is 5%. In addition, 60 of Wisconsin's 72 counties have adopted a 0.5% sales tax. An additional 0.1% baseball stadium tax applies in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties, and an additional 0.5% football stadium tax applies in Brown County. Some items are exempt from the sales tax, such as groceries purchased for home preparation of meals, prescription medications, newspapers, and most subscription sales of magazines.

**Real Estate Tax** The rate of taxation varies with each municipality. You can obtain specific information on the tax rate by contacting the treasurer of the city,

village, or town in which you are interested in locating.

**Estate Tax** For deaths occurring on or after October 1, 2002 and before January 1, 2008, the Wisconsin estate tax is equal to the federal credit for state death taxes as computed under the federal estate tax law in effect on December 31, 2000. Under the federal estate tax law in effect on December 31, 2000, no estate tax is due if the gross estate at date of death is \$675,000 or less. Because there is no federal estate tax on such estates under the law in effect on December 31, 2000, there is also no Wisconsin estate tax on estates of \$675,000 or less.

For deaths occurring between January 1, 2008 and December 31, 2010 (inclusive) the estate is not subject to a Wisconsin estate tax. Under current federal and state law, the estate tax will be reinstated on January 1, 2011, at both the federal and state levels.

**Gift Tax** There is no Wisconsin gift tax.

#### V. ADDITIONAL INFORMATION

If you have additional questions or need copies of tax forms, you may contact any Department of Revenue office or call or write to:

(for additional information)

Wisconsin Department of Revenue  
Mail Stop 5-77  
P.O. Box 8949  
Madison, WI 53708-8949  
Telephone (608) 266-2772

(to request forms)

Wisconsin Department of Revenue  
Forms Request Office  
Mail Stop 5-77  
P.O. Box 8949  
Madison, WI 53708-8949  
Telephone (608) 266-1961

Internet website - [www.revenue.wi.gov](http://www.revenue.wi.gov)

E-mail - [income@revenue.wi.gov](mailto:income@revenue.wi.gov)

#### CAUTION

The information in this publication reflects the position of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of January 15, 2009. Laws enacted after that date, administrative rules, and court decisions may change the interpretations in this publication.