

# Wisconsin Tax Information for Retirees

## Includes Information on:

- Who Must File
- Provisions Affecting Retirees
- Various Wisconsin Taxes
- 2009 Tax Rates

Use this publication in preparing your 2009 tax return. The retirement income exclusion described in Part III is new for 2009.

### I. INTRODUCTION

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

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

You must file a 2009 Wisconsin income tax return if:

Filing status is:	Age as of December 31, 2009 was:	Gross income (or total gross income of husband and wife) during 2009 was:
Single	Under 65	\$10,140 or more
	65 or older	\$10,390 or more
Married – filing joint return	Both spouses under 65	\$18,410 or more
	One spouse 65 or older	\$18,660 or more
	Both spouses 65 or older	\$18,910 or more
Married – filing separate return	Under 65	\$9,000 or more (applies to each spouse individually)
	65 or older	\$9,030 or more (applies to each spouse individually)
Head of household	Under 65	\$12,890 or more
	65 or older	\$13,140 or more

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 2009.

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, it does not include social security benefits or U.S. government interest.

### III. PROVISIONS WHICH MAY AFFECT RETIREES

**Social Security and Railroad Retirement Benefits** Social security and 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. Also see Retirement Income Exclusion below.

**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 payments may be attributable to personal services performed in Wisconsin.

**Retirement Income Exclusion** Up to \$5,000 of certain retirement income may be excluded from Wisconsin income if:

- You (or your spouse if married filing a joint return) were age 65 or older on December 31, 2009, and
- Your federal adjusted gross income (AGI) is less than \$15,000. If married, combined AGI must be less than \$30,000, whether filing jointly or separately.

**Additional Personal Exemption Deduction** Persons age 65 or older on December 31, 2009, are allowed an additional personal exemption deduction of \$250.

**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 2009.

**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 2009.

#### 2009 Tax Rate Schedules

Schedule A - For Single Taxpayers or Head of Household					
If Taxable Income Is:		The 2009 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$10,220		4.60%		\$ 0
10,220	20,440	\$ 470.12	+	6.15%	10,220
20,440	153,280	1,098.65	+	6.50%	20,440
153,280	225,000	9,733.25	+	6.75%	153,280
225,000 or over		14,574.35	+	7.75%	225,000

Schedule B - For Married Taxpayers Filing Jointly					
If Taxable Income Is:		The 2009 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$13,620		4.60%		\$ 0
13,620	27,250	\$ 626.52	+	6.15%	13,620
27,250	204,370	1,464.77	+	6.50%	27,250
204,370	300,000	12,977.57	+	6.75%	204,370
300,000 or over		19,432.60	+	7.75%	300,000

Schedule C - For Married Taxpayers Filing Separately					
If Taxable Income Is:		The 2009 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$ 6,810		4.60%		\$ 0
6,810	13,620	\$ 313.26	+	6.15%	6,810
13,620	102,190	732.08	+	6.50%	13,620
102,190	150,000	6,489.13	+	6.75%	102,190
150,000 or over		9,716.31	+	7.75%	150,000

**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, 62 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 between January 1, 2008 and December 31, 2010 (inclusive), there is no Wisconsin estate tax. Under current federal and state law, the Wisconsin estate tax will be reinstated on January 1, 2011.

**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 web site - [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 December 1, 2009. Laws enacted after that date, administrative rules, and court decisions may change the interpretations in this publication.