

Wisconsin Tax Information for Retirees

Includes Information on:

- Who Must File
- Provisions Affecting Retirees
- Various Wisconsin Taxes
- 2011 Tax Rates

Use this publication in preparing your 2011 tax return. There are no substantive differences between the 2010 and 2011 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

You must file a 2011 Wisconsin income tax return if:

Filing status is:	Age as of December 31, 2011 was:	Gross income (or total gross income of husband and wife) during 2011 was:
Single	Under 65	\$10,110 or more
	65 or older	\$10,360 or more
Married – filing joint return	Both spouses under 65	\$18,340 or more
	One spouse 65 or older	\$18,590 or more
	Both spouses 65 or older	\$18,840 or more
Married – filing separate return	Any age	\$9,000 or more (applies to each spouse individually)
Head of household	Under 65	\$12,850 or more
	65 or older	\$13,100 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 2011.

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, 2011, 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, 2011, 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 \$24,680 for 2011.

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 2011.

2011 Tax Rate Schedules

Schedule A - For Single Taxpayers or Head of Household					
If Taxable Income Is:		The 2011 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$ 10,180		4.60%		\$ 0
10,180	20,360	\$ 468.28	+	6.15%	10,180
20,360	152,740	1,094.35	+	6.50%	20,360
152,740	224,210	9,699.05	+	6.75%	152,740
224,210 or over		14,523.28	+	7.75%	224,210

Schedule B - For Married Taxpayers Filing Jointly					
If Taxable Income Is:		The 2011 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$ 13,580		4.60%		\$ 0
13,580	27,150	\$ 624.68	+	6.15%	13,580
27,150	203,650	1,459.24	+	6.50%	27,150
203,650	298,940	12,931.74	+	6.75%	203,650
298,940 or over		19,363.81	+	7.75%	298,940

Schedule C - For Married Taxpayers Filing Separately					
If Taxable Income Is:		The 2011 Gross Tax Is:			
over –	but not over –				of the amount over –
\$ 0	\$ 6,790		4.60%		\$ 0
6,790	13,580	\$ 312.34	+	6.15%	6,790
13,580	101,820	729.93	+	6.50%	13,580
101,820	149,470	6,465.53	+	6.75%	101,820
149,470 or over		9,681.90	+	7.75%	149,470

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, 2012 (inclusive), there is no Wisconsin estate tax. Under current federal and state law, the Wisconsin estate tax will be reinstated on January 1, 2013.

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:

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

Internet web site - www.revenue.wi.gov
E-mail - 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 that are effective as of December 1, 2011. Laws effective after that date, administrative rules, and court decisions may change the interpretations in this publication.