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 2016 Wisconsin income tax return if:

<table>
<thead>
<tr>
<th>Filing status is:</th>
<th>Age as of December 31, 2016 was:</th>
<th>Gross income (or total gross income of husband and wife) during 2016 was:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>Under 65</td>
<td>$10,970 or more</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$11,220 or more</td>
</tr>
<tr>
<td>Married – filing joint return</td>
<td>Both spouses under 65</td>
<td>$20,410 or more</td>
</tr>
<tr>
<td></td>
<td>One spouse 65 or older</td>
<td>$20,660 or more</td>
</tr>
<tr>
<td></td>
<td>Both spouses 65 or older</td>
<td>$20,910 or more</td>
</tr>
<tr>
<td>Married – filing separate return</td>
<td>Under 65</td>
<td>$9,730 or more (applies to each spouse individually)</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$9,980 or more (applies to each spouse individually)</td>
</tr>
<tr>
<td>Head of household</td>
<td>Under 65</td>
<td>$13,960 or more</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$14,210 or more</td>
</tr>
</tbody>
</table>

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 2016.

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, 2016, 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, 2016, 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 homeowners and renters. One of the qualifications is that your total household income (both taxable and nontaxable income) must be below $24,680 for 2016.

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 $500 or more. You may be subject to an interest charge if you do not make required payments of estimated tax.

IV. MEDICAL AND DENTAL EXPENSES

Medical Care Insurance You may be able to subtract all or a portion of the cost of your medical care insurance. "Medical care insurance" means a medical care insurance policy that covers you, your spouse, and dependent(s) and provides surgical, medical, hospital, major medical, or other health service coverage (including dental insurance). If you are receiving social security benefits, the amount paid for medical care insurance includes the amount deducted from your monthly benefit for Medicare insurance (for example, Parts B and D).

Note: Do not include premiums for medical care or long-term care insurance if you elected to pay those premiums with tax-free distributions from a retirement plan. In this case, the premiums would have been made directly to the insurance provider by the retirement plan.

Medical and Dental Expenses For federal tax purposes, you can deduct certain medical and dental expenses you paid for yourself, your spouse, and your dependents if you itemize your deductions on federal Schedule A. If you or your spouse are age 65 or older, you may deduct the amount of your medical and dental expenses that are more than 7.5% of your adjusted gross income. If you are under age 65, you may only deduct the amount that is more than 10% of your adjusted gross income. These expenses may also be taken for purposes of the Wisconsin itemized deduction credit.

V. 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.

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. 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.

Individual Income Tax The schedules below show the individual income tax rates for full-year Wisconsin residents for 2016.

VI. 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) 266-2486
Website - revenue.wi.gov
Email - DORIncome@wisconsin.gov

Note: Nonresidents and part-year residents of Wisconsin must prorate the levels of income to which the tax rates on the left 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.

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 There is no Wisconsin estate tax.

Gift Tax There is no Wisconsin gift tax.

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 15, 2016. Laws effective after that date, administrative rules, and court decisions may change the interpretations in this publication.