

Worksheet 2
Wisconsin Modified Taxable Income

1. Wisconsin income..... 1. _____
 2. NOL deduction..... 2. _____
 3. Capital gain exclusion (see instructions) 3. _____
 4. Capital loss deduction 4. _____
 5. Add lines 1 through 4 5. _____
 6. Wisconsin standard deduction allowable based on the amount on line 5 6. _____
 7. Subtract line 6 from line 5. If less than zero, fill in -0- 7. _____
 8. Deduction for exemptions..... 8. _____
 9. Subtract line 8 from line 7. If less than zero, fill in -0-. This is your
Wisconsin modified taxable income 9. _____
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Worksheet 4 — Allowable Deduction
for a Wisconsin NOL Carryforward

1. Amount from line 5 of Wisconsin Form 1..... 1. _____
2. Subtractions from income from line 12 of Form 1. (Do not
include any amount for the NOL carryforward.) 2. _____
3. Wisconsin income before NOL. (Subtract line 2 from line 1.) 3. _____
4. Standard deduction. (Compute the standard deduction on the
income amount on line 3 using the Standard Deduction Table
for the appropriate year in the Form 1 booklet and the column
which corresponds to your filing status.) 4. _____
5. Subtract line 4 from line 3. If less than zero, fill in -0- 5. _____
6. Deduction for exemptions (see instructions) 6. _____
7. Maximum deduction for NOL. (Subtract line 6 from line 5. If
less than zero, fill in -0-) 7. _____
8. Your Wisconsin NOL carryforward..... 8. _____
9. Fill in the lesser of line 7 or line 8. This is your allowable
Wisconsin NOL deduction. 9. _____

Instructions for Worksheet 2 — Wisconsin Modified Taxable Income

Note: The worksheet can be used for 2014-2017 by using comparable lines and the appropriate Wisconsin standard deduction for each year. When using this worksheet to determine modified taxable income for a carryback year, the references to Form 1NPR are to the revised Form 1NPR that was attached to Form X-NOL.

Line 1 Fill in your Wisconsin income from Form 1, line 13. For individuals filing Form 1NPR, Wisconsin income is the amount from line 32, column B, of Form 1NPR. Estates and trusts fill in the amount from line 5 of Form 2.

If you are determining modified taxable income for a carryback year, the amount to enter on line 1 is the amount from line 2, Column B, of Form X-NOL; the amount from line 32 of the revised Form 1NPR that was attached to Form X-NOL; or, for estates and trusts, the amount from line 6, Column B of Form X-NOL.

Line 2 Fill in as a positive number the amount of NOL carryback or carryforward deducted on your Wisconsin return.

Line 3 Fill in your Wisconsin capital gain exclusion as a positive number. This will generally be the amount from line 26 of Schedule WD for the appropriate year (line 26 of Schedule WD (Form 2) for estates and trusts).

Note: For taxable years beginning in 2017, include on line 3 the amount of long-term capital gain that qualified for an exclusion because it was from the sale of an investment held at least 5 years in a qualified Wisconsin business.

However, if your only capital gain or loss was a capital gain distribution reported on line 13 of federal Form 1040 and you did not file Wisconsin Schedule WD, fill in the amount of capital gain exclusion from line 10 of Form 1 (for Form 1NPR filers, this is the 30% exclusion claimed when completing line 7, column B).

Line 4 Fill in your Wisconsin capital loss deduction as a positive number. This is the amount from line 28 of your Schedule WD for the appropriate year (line 28 of Schedule WD (Form 2) for estates and trusts).

Line 6 Fill in your Wisconsin standard deduction based on the amount on line 5 for your filing status. Full-year residents use the standard deduction table in the Form 1 instruction booklet for the appropriate year. If you are filing Form 1NPR, use the following formula to determine the standard deduction to fill in on line 6.

Exception: If your federal income from line 33, column A of Form 1NPR is less than the amount on line 5 of Worksheet 2, do not use the following formula. The standard deduction to fill in on line 6 of Worksheet 2 is the amount from line 36c of your Form 1NPR.

$$\frac{\text{Amount from line 5 of Worksheet 2}}{\text{Federal income from line 33 of Form 1NPR}} \times \text{Standard deduction from line 36c of Form 1NPR} = \text{Standard deduction to fill in on line 6}$$

Estates and trusts fill in -0- on line 6.

Line 8 Fill in your deduction for exemptions. For full-year Wisconsin residents, this is the amount from line 17c of Form 1. If you are filing Form 1NPR, use the following formula to determine your deductions for exemptions.

Exception: If your federal income from line 33, column A of Form 1NPR is less than the amount on line 5 of Worksheet 2, do not use the following formula. The deduction for exemptions amount to fill in on line 8 of Worksheet 2 is the amount from line 38c of your Form 1NPR.

$$\frac{\text{Amount from line 5 of Worksheet 2}}{\text{Federal income from line 33 of Form 1NPR}} \times \text{Deduction for exemptions from line 38c of Form 1NPR} = \text{Deduction for exemptions to fill in on line 8}$$

Estates and trusts fill in -0- on line 8.

Line 9 This is your Wisconsin modified taxable income for the applicable year.

Instructions for Worksheet 4 — Allowable Deduction for a Wisconsin NOL Carryforward

Line 1 If you are filing Form 1NPR, do not fill in any amount on this line. Instead, see the instructions for line 3. Estates and trusts fill in the amount from line 3 of Wisconsin Form 2.

Line 2 If you are filing Form 1NPR, do not fill in any amount on this line (see line 3 instructions). Estates and trusts fill in the amount from line 4 of Form 2. Do not include any amount of NOL in this figure.

Line 3 If you are filing Form 1NPR, fill in on line 3 the amount from line 16, column B, of Form 1NPR (without any amount for the NOL), less the amount on line 31, column B, of Form 1NPR.

Line 4 If you are filing Form 1NPR, use the following formula to compute the standard deduction to fill in on line 4.

Exception: If your federal income from line 33, column A, of Form 1NPR is less than the amount on line 3 of Worksheet 4, do not use the following formula. The standard deduction to fill in on line 4 of Worksheet 4 is the standard deduction from the table in the Form 1NPR booklet based on your filing status and federal income.

$$\begin{array}{rcl} \text{Amount from line 3} & & \text{Standard deduction} \\ \text{of Worksheet 4} & \times & \text{from table in} & = & \text{Amount to} \\ \text{Federal income from} & & \text{Form 1NPR booklet} & & \text{fill in on} \\ \text{line 33} & & \text{based on your filing} & & \text{line 4} \\ \text{of Form 1NPR} & & \text{status and federal income} & & \end{array}$$

Estates and trusts do not fill in any amount on line 4.

Line 6 If you are filing Form 1, you will first have to complete line 17a-c of Form 1 before you can complete Worksheet 4. Fill in the amount from line 17c of Form 1 on line 6 of Worksheet 4.

If you are filing Form 1NPR, you will first have to complete line 38a-c of Form 1NPR. Then use the formula below to determine the amount to fill in on line 6 of Worksheet 4.

Exception: If your federal adjusted gross income from line 33, column A, of Form 1NPR is less than the amount on line 3 of Worksheet 4, do not use the following formula. Fill in the amount from line 38c of Form 1NPR on line 6 of Worksheet 4.

$$\begin{array}{rcl} \text{Amount from line 3} & & \text{Deduction} & & \text{Amount to fill in on} \\ \text{of Worksheet 4} & & \text{for exemptions} & = & \text{line 6 of} \\ \text{Federal adjusted gross income} & \times & \text{from line 38c of} & & \text{Worksheet 4} \\ \text{from line 33, column A, of} & & \text{Form 1NPR} & & \\ \text{Form 1NPR} & & & & \end{array}$$

Estates and trusts do not fill in any amount on line 6.

Line 9 If you are filing Form 1, fill in the amount from line 9 of Worksheet 4 on line 11 of Form 1 as a positive number (use code number 10). If you are filing Form 1NPR, fill in the amount from line 9 of Worksheet 4 on the applicable line of Schedule M (Form 1NPR). Estates and trusts fill in the amount from line 9 of Worksheet 4 on the applicable line of Schedule 2M (Form 2) as a positive number. If filing Form X-NOL, see the instructions for line 1 of Form X-NOL.