

**SCHEDULE RS**

**Recycling Surcharge**  
(To be completed only by individuals, estates, and trusts)

**2002**

Wisconsin Department of Revenue

◆ Attach to your Wisconsin income tax return ◆

Name(s) shown on Form 1, 1NPR, or 2	Identifying number as shown on page 1 of your tax return
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<b>1</b> Fill in your nonfarm net business income (if your nonfarm income is a net loss, fill in -0- and enter \$25 on line 2). <b>Note:</b> If you are engaged only in farming, do not complete lines 1 and 2. Instead, complete line 3 . . . . .	<b>1</b>	
<b>2</b> Multiply the amount on line 1 by .002 and fill in the result, but not less than \$25 or more than \$9,800. Fill in here and on line 32 of Form 1, line 56 of Form 1NPR, or line 13 of Form 2 . . . . .	<b>2</b>	
<b>3</b> If you are engaged only in farming in Wisconsin and have gross receipts from farming of \$4,000,000 or more for federal income tax purposes, fill in \$25 here and on line 32 of Form 1, line 56 of Form 1NPR, or line 13 of Form 2 . . . . .	<b>3</b>	

**GENERAL INSTRUCTIONS**

**Who is subject to the surcharge** The recycling surcharge applies to individuals, estates, and trusts who must file a Wisconsin income tax return and have:

- Trade or business activities (including activities as a statutory employee) in Wisconsin and have \$4,000,000 or more of gross receipts from trade or business activities for federal income tax purposes.

*Exceptions* The surcharge does not apply to an individual who is a duly ordained, commissioned, or licensed minister, member of a religious order, or Christian Science practitioner. This exception is limited to income related to the performance of ministerial services, duties required by the order, or service as a Christian Science practitioner.

**Definitions**

*Farming* Farming is the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity including the raising, shearing, feeding, caring for, training, and management of animals. Trees, other than trees bearing fruit or nuts, aren't treated as an agricultural or horticultural commodity. Raising or harvesting Christmas trees is not considered farming.

*Gross receipts* Gross receipts from trade or business activities include:

- Total receipts or sales from all farm and nonfarm trade or business activities (as defined later) reportable for federal income tax purposes, before deducting returns and allowances or any other business expenses.

- Total wages received as a statutory employee, before deducting any business expenses.

Gross receipts from nonfarm trade or business activities include the amount from line 1 of federal Schedule C plus the gross sales price of business assets producing ordinary income or loss from federal Form 4797.

Gross receipts from farming include the total receipts or sales from lines 1, 4, 5a, 6a, 7a, 8a and 9 of federal Schedule F plus the sales price of farm assets producing ordinary income or loss from federal Form 4797.

*Net business income* Net business income is the net profit (loss) from trades or businesses (as defined later) **except farming**. It includes net income received as a statutory employee, reportable on federal Schedule C, line 31, or Schedule C-EZ, line 3. The net profit is all business income less all deductible business expenses for federal income tax purposes, even though some business activities may be conducted outside Wisconsin. It includes ordinary income (loss) reported on Form 4797, line 18. For purposes of computing the surcharge, net business income is reduced by the deduction for 50% of federal self-employment taxes paid on the business income and for the federal self-employed health insurance deduction if the insurance plan was established under the business.

### Exceptions

- Nonresidents of Wisconsin – net business income is the Wisconsin portion of the net profit from a trade or business (as defined later).
- Part-year residents of Wisconsin – net business income includes the net profit from *all* trade or business activities while a resident of Wisconsin, plus the net profit from *Wisconsin* trade or business activities while a non-resident of Wisconsin.

**Statutory employee** An individual who receives a wage statement, Form W-2, that has the “Statutory employee” box checked is a statutory employee. Statutory employees report their income and expenses related to that income on federal Schedule C or Schedule C-EZ. Statutory employees include:

- Agent-drivers or commission-drivers who distribute meat products, vegetable products, bakery products, or beverages (other than milk), or pick up or deliver laundry or dry cleaning,

- Full-time life insurance salespeople,
- Certain homeworkers, and
- Certain traveling or city salespeople.

**Trade or business** A trade or business is an activity regularly carried on for a livelihood or with the intention of making a profit. Trade or business income includes:

- Income reportable on federal Schedule C, C-EZ, or F.
- Other federal self-employment income, such as directors fees and wages received by a U.S. citizen employed by a foreign government in the United States. (**Note** The surcharge does not apply to guaranteed payments a partner receives from a partnership.)

## Line Instructions

**Line 1** Fill in the amount of your net business income (as defined earlier). Fill in -0- if you have a net loss. (You are still subject to a \$25 minimum surcharge even if you have a net loss.)

**Exception** If you have less than \$4,000,000 of gross receipts (as defined earlier) from all trade or business activities for federal income tax purposes, you aren’t subject to a recycling surcharge.

**Note** Individuals, estates or trusts operating more than one business must combine the net income or loss from all trades or businesses, except farming, and enter the result.

Trade or business income is to be reported by the operator of the business, without regard to marital property law. If you and your spouse file a joint return and each operate separate businesses, you must each complete a separate Schedule RS.

**Line 2** Multiply the amount of your net business income by 0.2% (0.002) and fill in the result on line 2. **Exception** If the result is less than \$25 or if you have a net loss from trade or business activities, fill in \$25. If the result is more than \$9,800, fill in \$9,800. Fill in the amount on line 2 of Schedule RS and on line 32 of Form 1, line 56 of Form 1NPR, or line 13 of Form 2.

**Line 3** If you are engaged only in farming in Wisconsin, fill in \$25. Fill in the amount on line 3 of Schedule RS and on line 32 of Form 1, line 56 of Form 1NPR, or line 13 of Form 2.

**Additional information** For more information, get Publication 400, *Wisconsin’s Recycling Surcharge*, from any Department of Revenue office. You can also obtain this publication from our Internet web site at [www.dor.state.wi.us](http://www.dor.state.wi.us).