

Instructions for Completing Wisconsin Schedule I – 2016

INTRODUCTION – Generally, the Wisconsin Statutes require that the computation of taxable income on the 2016 Wisconsin income tax return is to be based on the Internal Revenue Code enacted as of December 31, 2013. Changes made to the Internal Revenue Code enacted after December 31, 2013, do not apply for Wisconsin income tax purposes unless adopted by Wisconsin law.

Wisconsin law also provides that certain provisions of federal law do not apply for Wisconsin purposes (even though the provisions were enacted into federal law prior to December 31, 2013). Some of those provisions are:

- Domestic production activities deduction
- Exclusion for small business stock
- Special depreciation allowance

As a result, certain income and deduction items may be different for Wisconsin and federal purposes. Any difference must be adjusted on this schedule. A description of items requiring adjustment can be found under ITEMS REQUIRING ADJUSTMENT.

WHO MUST FILE – If the computation of your federal adjusted gross income or itemized deductions reflects any of the differences in Wisconsin and federal law for 2016, you must complete this schedule and attach it to your Wisconsin income tax return, Form 1 or Form 1NPR.

To the extent Schedule I adjustments in a prior year affect income or expense items in 2016 (for example, the provisions related to health savings accounts did not apply for taxable years beginning before January 1, 2011), you must also make adjustments on Schedule I for 2016.

It also may be necessary to prepare a 2016 Schedule I to adjust the amount of gain or loss reportable from sales of certain assets during 2016 (for example, gain from the sale of certain small business stock is taxable for Wisconsin but not for federal tax purposes). See the instructions for lines 2 and 3 under SPECIFIC INSTRUCTIONS.

USING A DIFFERENT FEDERAL ELECTION FOR WISCONSIN – Various elections are available under the federal Internal Revenue Code (IRC). When an election is available, a taxpayer may choose one election for federal tax purposes and a different election for Wisconsin. For example, a taxpayer may elect to claim different amounts of IRC sec. 179 expense for federal and Wisconsin tax purpose.

Either of the following two methods may be used to claim a different election for Wisconsin and federal tax purposes.

- Prepare a pro forma federal return based on the election chosen for Wisconsin. This pro forma return is to be attached to the Wisconsin Form 1 or 1NPR instead of the actual return filed for federal tax purposes.
- Make the election using Wisconsin Schedule I, *Adjustments to Convert 2016 Federal Adjusted Gross Income and Itemized Deductions to the Amounts Allowable for Wisconsin*.

When using the Schedule I method, any election relating to the sale or other disposition of assets is adjusted on lines 2 and/or 3 of Schedule I. An election relating to an income or expense amount, is adjusted on line 5 of Schedule I. See the instructions for these lines for more information.

On line 5 of Schedule I, fill in a description of the election. Be sure to also adjust any other items on your federal return that are affected by the election. For example, if you claim a different election for sec. 179 expense, this would also affect the amount of depreciation allowed and your depreciation deduction should also be adjusted. In addition, a change in your federal adjusted gross income (FAGI) would also affect itemized deductions that are limited by FAGI. See Part II of Schedule I.

PARTNERS, BENEFICIARIES OF ESTATES AND TRUSTS, AND SHAREHOLDERS OF TAX-OPTION (S) CORPORATIONS – The income and deduction items computed on the Wisconsin returns of partnerships, estates and trusts, and tax-option (S) corporations may also be affected by the differences between Wisconsin and federal law for 2016. As a result, the distributive shares of these items which are reportable on the individual Wisconsin income tax returns of the respective partners, beneficiaries, and shareholders may differ for Wisconsin and federal income tax purposes. Such partners, beneficiaries, and shareholders should receive notification from the partnership, estate or trust, or tax-option (S) corporation of the amounts reportable for Wisconsin purposes. By comparing the amounts reportable for Wisconsin and federal purposes, the partner, beneficiary, or shareholder should determine the items which differ and make the appropriate adjustments.

Note When adjusting income or expenses of an entity, additional items may also require adjustment. For example, adjusting depreciation allowed to a partnership would change the amount of income or loss from the entity. If the entity is subject to the passive activity

limitations, federal Form 8582, *Passive Activity Loss Limitations*, would need to be recomputed for Wisconsin to substitute the Wisconsin partnership information for the amount determined on the federal Form 8582. Any difference in the amount of passive activity loss allowed for federal tax purposes and the amount allowed from the recomputed Form 8582 would also be a Schedule I adjustment. Any other federal schedules or forms affected by the Schedule I adjustment should also be recomputed (e.g., Schedule E) and attached to the Wisconsin return. Mark these recomputed forms or schedules "Revised for Wisconsin."

SPECIFIC INSTRUCTIONS

(Numbered to correspond with the line numbers on Schedule I)

INSTRUCTIONS FOR PART I

1. Fill in your 2016 federal adjusted gross income from line 37 of your federal Form 1040 (line 21 of Form 1040A).
- 2 & 3. If you sold or otherwise disposed of certain property during 2016, the gain or loss reportable from such sale may differ for Wisconsin and federal purposes due to Schedule I adjustments made in the current year or a prior year.

To properly report such gain or loss on your Wisconsin return, you must first remove all gain or loss included in your federal adjusted gross income. This is done by filling in line 2a or 2b and/or line 3a or 3b. Then fill in the revised gain or loss on line 2c and/or line 3c. Enclose a revised federal Schedule D, Form 8949, Form 4684, or Form 4797 marked "Revised for Wisconsin purposes" with Form 1 or Form 1NPR.

Note On January 1, 2014 (or the first day of your taxable year beginning in 2014) the Wisconsin basis of all depreciable or amortizable assets placed in service before January 1, 2014, is the same as the federal basis. If you reported a federal gain or loss on the sale or disposition of an asset that was placed in service prior to that date, no adjustment is to be made on Schedule I to account for differences in the amount of depreciation or amortization claimed on Schedule I in prior years.

CAUTION If you have an amount on line 2c of Schedule I, this amount must also be used when completing line 29a or 29e of Schedule WD.

5. Complete line 5 to make all other adjustments needed to convert 2016 federal adjusted gross income to the amount allowable for Wisconsin. See the listing under Section A of ITEMS REQUIRING ADJUSTMENT.

Note

When an adjustment is made on line 2, 3, or 5, this may affect other amounts which must then also be adjusted. For example, the amount of social security includable in federal adjusted gross income may be affected when an adjustment is made to an income item. The adjustment to social security includable in federal adjusted gross income should be reported on line 5.

When completing line 5, if you are adjusting an expense item (for example, depreciation or amounts claimed as Adjustments to Income on lines 23 through 35 of federal Form 1040), fill in the amounts in Col. I and Col. II as negative numbers. Put parentheses around the amounts to show negative numbers.

If you are adjusting an income item, fill in the amounts in Col. I and Col. II as positive numbers.

Complete Col. III as follows:

- If the amounts in Col. I and Col. II are positive numbers (or one number is a positive number and the other number is zero) and the amount in Col. II is larger than the amount in Col. I, subtract Col. I from Col. II. Fill in the difference in Col. III.
- If the amounts in Col. I and Col. II are positive numbers (or one number is a positive number and the other number is zero) and the amount in Col. I is larger than the amount in Col. II, subtract Col. II from Col. I. Fill in the difference as a negative number in Col. III.
- If the amounts in Col. I and Col. II are negative numbers (or one number is a negative number and the other number is zero) and the amount in Col. II is larger than the amount in Col. I, subtract Col. I from Col. II. Fill in the difference as a negative number in Col. III. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the amounts in Col. I and Col. II.
- If the amounts in Col. I and Col. II are negative numbers (or one number is a negative number and the other number is zero) and the amount in Col. I is larger than the amount in Col. II, subtract Col. II from Col. I. Fill in the difference as a positive number in Col. III. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the amounts in Col. I and Col. II.

6. The amount on line 6 is your recomputed federal adjusted gross income based on the Internal Revenue Code in effect for Wisconsin for 2016. This amount is the starting point for determining Wisconsin taxable income on Form 1.

INSTRUCTIONS FOR PART II

7. Whenever federal adjusted gross income has been increased or decreased in Part I of Schedule I, itemized deductions which are computed using federal adjusted gross income (for example, medical expenses and charitable contributions) may require adjustment. The deductible amounts of any such items used to compute the Wisconsin itemized deduction credit must be determined by using the federal adjusted gross income computed on line 6 of Part I.

See the listing under Section B of ITEMS REQUIRING ADJUSTMENT for other itemized deductions that require adjustment.

ITEMS REQUIRING ADJUSTMENT

Note Following are brief explanations of differences between federal and Wisconsin law.

The “Federal” explanation indicates how an item is to be treated for federal income tax purposes as of December 31, 2016. The “Wisconsin” explanation indicates how the item is to be treated for Wisconsin.

If you need additional information regarding these items, contact any Wisconsin Department of Revenue office.

A. ITEMS AFFECTING THE COMPUTATION OF FEDERAL ADJUSTED GROSS INCOME

1. Health Savings Accounts

- (a) Federal – Certain individuals may establish health savings accounts. A deduction is allowed for contributions to the account. Amounts contributed by an employer to an employee’s account are excluded from the employee’s gross income. (Public Laws 108-173 and 109-432)
- (b) Wisconsin – The federal provisions relating to health savings accounts (HSAs) apply for Wisconsin for 2016. However, an adjustment may be required if you had an HSA prior to 2011 and you were not allowed a deduction for Wisconsin for contributions to that account and you reported the earnings on the account as income. If this is the case, complete the worksheet on top of this page.

2016 HSA Worksheet

1. Balance of HSA as of December 31, 2010, less amount distributed in 2011-2015. (This is the amount from line 3 of the worksheet in the 2015 Schedule I instructions.) 1. _____
2. 2016 distributions from the HSA. Do not fill in more than the amount on line 1 2. _____
3. Subtract line 2 from line 1 3. _____
4. Portion of the distribution on line 2 that was used for medical expenses. This amount can be used as an itemized deduction for medical expenses. See Item B1 4. _____
5. Portion of the distribution on line 2 that was not used for medical expenses and is included in federal income. This amount would be taxable for federal purposes but not for Wisconsin. Include on line 5 of Schedule I* 5. _____

* This amount may also be subject to a federal penalty but would not be subject to a Wisconsin penalty.

Note: An adjustment will be required each year until the amount shown on line 3 is zero. Distributions from HSAs are to be allocated first to the pre-2011 balance.

2. Small Business Stock

- (a) Federal – An exclusion is allowed for 50% (75% for stock acquired after February 17, 2009, and on or before September 27, 2010, and 100% for stock acquired after September 27, 2010) of the gain from the sale or exchange of qualified small business stock acquired after August 10, 1993, and held for more than five years. A 60% exclusion applies for qualified small business stock for an entity in an empowerment zone. (Public Law 114-113)
- (b) Wisconsin – Gain from the 2016 sale or exchange of qualified small business stock is included in gross income. Wisconsin adopted the federal exclusion for gain from small business stock as provided in the Internal Revenue Code as amended to December 31, 2012. The Wisconsin adoption of the federal exclusion applies for stock acquired after December 31, 2013, and held for more than 5 years.

3. Farm Loss Limitations

- (a) Federal – The amount of farm losses that may be used to reduce other non-farming business income is limited to the greater of \$300,000 or the net farm income for the previous five years if the taxpayer receives any direct or counter-cyclical payments under Title I of the Food, Conservation, and Energy Act of 2008 or Commodity Credit Corporation loans. Any disallowed loss is treated as a deduction of the taxpayer attributable to farming business in the next taxable year. (Public Law 110-246)
- (b) Wisconsin – This farm loss limitation does not apply for Wisconsin.

4. Domestic Production Activities Deduction

- (a) Federal – A deduction is allowed for 9% of qualified production activities income. (Public Law 108-357)
- (b) Wisconsin – The domestic production activities deduction is not allowable for Wisconsin.

5. Deduction for Endangered Species Recovery Expenditures

- (a) Federal – Endangered species recovery expenditures qualify for a deduction under sec. 175 of the Internal Revenue Code as soil and water conservation expenditures. (Public Law 110-246)
- (b) Wisconsin – Endangered species recovery expenditures do not qualify for a deduction as soil and water conservation expenditures.

6. Deduction for Domestic Production Activities

- (a) Federal – For purposes of the domestic production activities deduction, “wages” includes compensation for services performed in the United States by actors, production personnel, directors, and producers. A qualified film includes any copyrights, trademarks, or other intangibles with respect to such film. (Public Law 110-343)
- (b) Wisconsin – The changes related to the definition of “wages” for purposes of the domestic production activities deduction do not apply for Wisconsin. Wisconsin does not allow a deduction for domestic production activities.

7. Net Operating Losses Attributable to Federally Declared Disasters

- (a) Federal – In the case of a taxpayer who has a qualified disaster loss, such loss shall be a net operating loss carryback to each of the five taxable years preceding the loss. (Public Law 110-343)
- (b) Wisconsin – The carryback of a qualified disaster loss does not apply for Wisconsin.

8. Nonqualified Deferred Compensation from Certain Tax Indifferent Parties

- (a) Federal – Nonqualified deferred compensation plans maintained by foreign corporations will generally become taxable, unless the compensation is deferred 12 months or less after the end of the year that the compensation vests. The tax can also apply to partnerships with foreign partners. Deferred compensation will be taxable when the amount is determinable. (Public Law 110-343)
- (b) Wisconsin – This provision does not apply for Wisconsin. The treatment of nonqualified deferred compensation is determined under the provisions of the Internal Revenue Code in effect on December 31, 2007.

9. Income Sourcing of Guarantees

- (a) Federal – Amounts received for guarantees of indebtedness is U.S. source income if paid by a U.S. person or by a foreign person where effectively connected to the conduct of trade or business in the U.S. (Public Law 111-240)
- (b) Wisconsin – This provision does not apply for Wisconsin. The treatment of guarantees of indebtedness is determined under the provisions of the Internal Revenue Code in effect on December 31, 2009.

10. District of Columbia Investments

- (a) Federal – Gross income does not include qualified capital gain from the sale or exchange of any DC Zone asset acquired after January 1, 1998, and before January 1, 2012 and held for more than five years. (Public Law 111-312)
- (b) Wisconsin – Capital gain from the sale or exchange of DC Zone assets is included in Wisconsin income.

11. Rollovers of Bankruptcy Payments

- (a) Federal – Qualified airline employees may contribute airline bankruptcy payment amounts to a traditional IRA as a rollover contribution. (Public Law 112-95).
- (b) Wisconsin – Airline bankruptcy payment amounts may not be contributed to a traditional IRA as a rollover contribution.

12. Transit Pass and Commuter Fringe Benefit Increased

- (a) Federal – For months beginning in 2016, the amount that may be excluded from gross income for the transit pass fringe benefit and commuter fringe benefit is equal to the parking fringe benefit (\$255 a month). (Public Law 114-113).
- (b) Wisconsin – The amount that may be excluded from gross income for the transit pass fringe benefit and the commuter fringe benefit is limited to \$130 a month.

13. Discharges of Indebtedness on Principal Residence

- (a) Federal – Gross income does not include any amount which would be includable in gross income by reason of discharge of indebtedness if the indebtedness discharged is qualified principal residence indebtedness which is discharged before January 1, 2017. (Public Law 114-113).
- (b) Wisconsin – The exclusion from gross income for income from discharge of indebtedness on a qualified principal residence does not apply for Wisconsin.

14. Special Depreciation Allowance

- (a) Federal – A special 50% depreciation allowance applies to certain property placed in service during 2016. The special depreciation is phased down for 2018 and 2019. For 2016, the special allowance applies to certain plants bearing fruit and nuts. (Public Law 114-113).
- (b) Wisconsin – The federal 50% depreciation allowance does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

15. Film and Television Productions

- (a) Federal – For productions commencing before January 1, 2017, a taxpayer may elect to treat the cost of any qualified film or television production as an expense which is not chargeable to a capital account. (Public Law 114-113).
- (b) Wisconsin – The federal expensing of a film or television production does not apply for Wisconsin.

16. Qualified Leasehold Improvements and Qualified Restaurant and Retail Improvement Property

- (a) Federal – A 15-year recovery period applies for qualified leasehold improvement property and qualified restaurant property. (Public Law 114-113).
- (b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

17. Depreciation for Cellulosic Fuel Ethanol Plant Property

- (a) Federal – The depreciation deduction for cellulosic fuel ethanol plant property shall include an allowance equal to 50% of the adjusted basis of such property placed in service before January 1, 2017. (Public Law 114-113).
- (b) Wisconsin – This provision does not apply for Wisconsin. Depreciation for cellulosic biomass ethanol plant property is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

18. Domestic Production Activities in Puerto Rico

- (a) Federal – For purposes of determining production gross receipts, Puerto Rico may be treated as part of the United States for taxable years beginning before January 1, 2017. (Public Law 114-113).
- (b) Wisconsin – The domestic production activities deduction is not allowed.

19. Depreciation of Race Horses

- (a) Federal – Race horses placed in service before January 1, 2017, are treated as three-year property. (Public Law 114-113).
- (b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

20. Charitable Deductions for S Corporation Shareholders

- (a) Federal – S corporation shareholders may take into account their prorata share of charitable deductions even if such deductions would exceed such shareholder's adjusted basis in the S corporation. (Public Law 114-113).
- (b) Wisconsin – The rule relating to treatment of charitable deductions of S corporation shareholders does not apply for Wisconsin.

21. Deduction for Tuition and Fees

- (a) Federal – The deduction for up to \$4,000 of qualified tuition and fees paid during the taxable year in connection with enrollment at an institute of higher education is extended through December 31, 2016. (Public Law 114-113).
- (b) Wisconsin – The federal deduction for up to \$4,000 of qualified tuition and fees does not apply for Wisconsin. (**Note** Although the federal deduction for tuition and fees cannot be claimed for Wisconsin, you may qualify for a tuition deduction provided by Wisconsin law. If you claim the federal tuition and fees deduction, you must complete Schedule I to remove the federal deduction. See page 19 of the Form 1 or Form 1NPR instructions for more information on the Wisconsin deduction for tuition paid.

22. IRA Distribution Transferred for Charitable Purposes

- (a) Federal – Up to \$100,000 of the amount directly transferred from an IRA to a qualified charitable organization is not included in gross income. (Public Law 114-113).
- (b) Wisconsin – The amount distributed from an IRA and transferred to a qualified charitable organization is included in income.

23. Charitable Deduction for Contributions of Food Inventory

- (a) Federal – The enhanced charitable deduction for contributions of food inventory is permanently extended. (Public Law 114-113).
- (b) Wisconsin – The enhanced charitable deduction for contributions of food inventory does not apply for Wisconsin tax purposes.

24. Dispositions of Transmission Property to Implement Federal Regulatory Commission or State Electric Restructuring

- (a) Federal – For sales and dispositions before January 1, 2017, taxpayers may elect to recognize gain from qualifying electric transmission transactions ratably over an eight-year period if the amount realized is used to purchase exempt utility property. (Public Law 114-113).
- (b) Wisconsin – Gain is recognized to the extent the sales price (and any other consideration received) exceeds the seller's basis in the property, unless the gain is deferred or not recognized under another tax provision.

25. Accelerated Depreciation for Indian Reservation Property

- (a) Federal – The provision allowing accelerated depreciation for business property on Indian reservations is extended through December 31, 2016. (Public Law 114-113).
- (b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

26. Motorsports Racing Track Facility

- (a) Federal – The seven-year cost recovery period for motorsports entertainment complexes is extended through December 31, 2016. (Public Law 114-113)
- (b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

27. Empowerment Zone Tax Incentives

- (a) Federal – The empowerment zone tax incentives are extended through December 31, 2016. This includes a wage credit, increased section 179 expensing, expanded tax-exempt financing, elective rollover of capital gain from the sale or exchange of any qualified empowerment zone asset, and partial exclusion of capital gains on certain small business stock. (Public Law 114-113).
- (b) Wisconsin – With the exception of increased section 179 expensing, the extension for empowerment zone tax incentives does not apply for Wisconsin.

28. Exclusion for Certain Clean Coal Power Grants to Non-corporate Taxpayers

- (a) Federal – A non-corporate taxpayer may exclude from gross income and alternative minimum tax, any grant, award, or allowance made pursuant to sec. 402 of the Energy Policy Act of 2005. (Public Law 114-113).
- (b) Wisconsin – Any grant, award, or allowance made pursuant to sec. 402 of the Energy Policy Act of 2005 is included in Wisconsin income.

29. Amounts Received by Wrongfully Incarcerated Individuals

- (a) Federal – In the case of a wrongfully incarcerated individual, gross income shall not include any civil damages, restitution, or other monetary award relating to the incarceration of such individual for the covered offense for which such individual was convicted. (Public Law 114-113).
- (b) Wisconsin – The exclusion for income received by wrongfully incarcerated individuals does not apply for Wisconsin.

30. Special Rule for Certain Governmental Plans

- (a) Federal – Amounts paid to the taxpayer from an accident or health plan shall not fail to be excluded from gross income solely because such plan, on or before January 1, 2008, provides for reimbursements of health care expenses of a deceased plan participant's beneficiary. For amounts paid after December 18, 2015, this rule is extended to benefits paid by plans established by or on behalf of a State or political subdivision. (Public Law 114-113).
- (b) Wisconsin – The extension to plans established by or on behalf of a State or political subdivision does not apply for Wisconsin.

31. Rollovers from Other Retirement Plans into SIMPLE Retirement Accounts

- (a) Federal – For contributions after December 18, 2015, a taxpayer may roll over amounts from an employer-sponsored retirement plan (e.g., 401(k) plan) to a SIMPLE IRA, provided the plan has existed for at least two years. (Public Law 114-113).
- (b) Wisconsin – The roll-over to a SIMPLE IRA does not apply for Wisconsin.

32. Work Colleges Program

- (a) Federal – For taxable years beginning in 2016, gross income does not include payments received from a comprehensive student work-learning-service program operated by a work college as defined in sec. 448(e) of the Higher Education Act of 1965. (Public Law 114-113).
- (b) Wisconsin – Amounts received from a student work-learning-service program are included in income.

33. Qualified Tuition Programs

- (a) Federal – For purposes of sec. 529 college savings accounts, expenses for the purchase of computer equipment, computer software, or Internet access are considered qualified higher education expenses. A refund of tuition paid with amounts distributed from a 529 account is treated as a qualified expense if such amounts are re-contributed to a 529 account within 60 days. (Public Law 114-113).
- (b) Wisconsin – The expansion of qualified higher education expenses to computer expenses and the treatment of a refund of tuition do not apply for Wisconsin.

34. Transfer of Losses from Tax Indifferent Parties

- (a) Federal – The related-party loss rules generally disallow a deduction for a loss on the sale or exchange of property to certain related parties or controlled partnerships. If the taxpayer later sells such property at a gain, the gain is recognized only to the extent it exceeds so much of such loss as is allocable to the property sold by the taxpayer. These rules relating to gain on the sale of such property are modified to provide an exception for wash sales and for transfers from a tax-indifferent party (e.g., a foreign person not subject to U.S. tax). (Public Law 114-113).

- (b) Wisconsin – The exceptions relating to wash sales and transfers to tax-indifferent parties do not apply.

35. Olympic or Paralympic Games

- (a) Federal – The value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games is not included in income. This does not apply to any taxpayer if the adjusted gross income (determined without regard to this exclusion) for the taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return). (Public Law 114-239).
- (b) Wisconsin – The value of any medal awarded in, or any prize money received from the United States Olympic Committee is taxable to Wisconsin.

B. ITEMS AFFECTING THE COMPUTATION OF ITEMIZED DEDUCTIONS

1. Medical Expense Deduction

- (a) Federal – Any payment or distribution out of a health savings account (HSA) for qualified medical expenses shall not be treated as an expense paid for medical care for purposes of claiming an itemized deduction for medical and dental expenses. (Public Law 108-173)
- (b) Wisconsin – Wisconsin follows the federal treatment of distributions from an HSA. However, if a portion of your distribution was allocated to the balance in your HSA as of December 31, 2010, you may be able to treat all or part of the distribution as a medical expense. See the Worksheet for Item A.1.

2. Mortgage Insurance Premiums

- (a) Federal – Mortgage insurance premiums paid in connection with acquisition indebtedness for a qualified residence is treated as interest. This does not apply to mortgage insurance contracts issued before January 1, 2007, or to amounts paid or accrued after December 31, 2016. (Public Law 114-113)
- (b) Wisconsin – Mortgage insurance premiums cannot be treated as interest and cannot be used in the computation of the Wisconsin itemized deduction credit.

3. IRA Transferred for Charitable Purposes

- (a) Federal – A deduction is not allowed for amounts directly transferred from an IRA to a qualified charitable organization and excluded from income. (Public Law 114-113)
- (b) Wisconsin – The amount transferred from an IRA to a qualified charitable organization is allowed as an itemized deduction for purposes of computing the Wisconsin itemized deduction credit.

4. Donation of Conservation Property

- (a) Federal – Individuals may claim a deduction for up to 50% of their contribution base for the donation of conservation property (100% if a qualified farmer or rancher). (Public Law 114-113)
- (b) Wisconsin – The provision allowing a deduction of 50% of the contribution base (100% if a qualified farmer or rancher) does not apply for Wisconsin. The contribution is limited by the rules for contributing appreciated property.

5. Charitable Contributions to Agricultural Research Organizations

- (a) Federal – Charitable contributions to an agricultural research organization are subject to the high individual limits (generally up to 50% of the taxpayer's contribution base). (Public Law 114-113)
- (b) Wisconsin – The higher limits for charitable contributions to an agricultural research organization do not apply.