

## INDIVIDUAL INCOME TAX STATISTICS REPORT FOR TAX YEAR 2014

This report summarizes data from individual income tax returns for tax year 2014 that were filed by October 15, 2015.

### COMPARISON WITH TAX YEAR 2013 (Table 1)

Taxpayers filed 2.99 million tax returns for tax year 2014, an increase of 0.5% over the 2.98 million returns filed for 2013. In 2014, there were 1.3 million single filers (43.5% of total), and 274,000 head-of-household filers (9.2%). Married joint filers numbered 1.2 million (39.4%) while married separate filers numbered around 23,000 (0.8%). In addition, there were about 214,000 dependent filers (filers who were claimed as dependents on someone else's tax return) (7.1%).

Wisconsin adjusted gross income (WAGI) was \$157.8 billion in tax year 2014, a 4.1% increase from 2013. Total standard deductions equaled \$19.0 billion in tax year 2014, compared to \$18.9 billion for 2013, an increase of 0.4%. Personal exemptions were \$3.224 billion in 2014 compared to \$3.221 billion in 2013, a 0.1% increase. Total income tax liability (before the minimum tax) increased 3.5% to \$6.81 billion and the alternative minimum tax, paid by 29,000 filers, generated \$23.3 million in tax year 2014, a 10.9% decrease from tax year 2013. Of the 2.99 million tax returns filed for 2014, 2.09 million, or 69.7%, showed a net income tax liability. The average tax rate, equal to net tax divided by WAGI, was 4.3%.

Net income tax equals gross tax, calculated by applying the statutory tax rates and brackets to taxable income, less nonrefundable tax credits. Nonrefundable tax credits can only be used to offset tax liability. Since some taxpayers have low gross tax prior to credits, they are able to use only part of the credits that are claimed. Nonrefundable credits include the itemized deduction credit, the armed forces member credit, the school property tax credit, the working families credit, the married couple credit, the credit for taxes paid to other states, and a number of business and economic development related tax credits. These credits increased 4.3% to \$1.39 billion in 2014. The four largest nonrefundable credits -- the school property tax credit (\$401.5 million), the credit for taxes paid to other states (\$335.1 million), the married couple credit (\$260.8 million) and the itemized deduction credit (\$255.4 million) -- accounted for 90% of the total used credits.

Wisconsin also allows refundable credits, with credit amounts in excess of tax liability refunded to the taxpayer. These credits include the earned income tax credit, the homestead credit, the farmland preservation credit, the veterans and surviving spouses property tax credit, the enterprise zone jobs credit, the woody biomass harvesting and processing credit, and the jobs tax credit.<sup>1</sup> Refundable credits decreased 5.0% from \$253.9 million in 2013 to \$241.1 in 2014. The largest of these credits was the homestead credit at \$99.9 million, followed by the earned income tax credit at \$99.6 million. Separate reports on certain refundable credits are available on the Department of Revenue website, [www.revenue.wi.gov](http://www.revenue.wi.gov).

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<sup>1</sup> The woody biomass credit and the health insurance risk-sharing plan (HIRSP) assessment credit are unavailable for tax years after 2014. The economic development credit and the jobs tax credit has been replaced with the business development credit for tax year 2016 and after.

**TABLE 1**  
**INDIVIDUAL INCOME TAX RETURNS: SELECTED TAX ITEMS FOR TAX YEARS 2013 AND 2014**  
**(dollar amounts in millions)**

	Tax Year 2013	Tax Year 2014	Percent Change
Count of Tax Returns	2,979,780	2,993,520	0.5%
Single	1,290,100	1,303,480	1.0%
Dependent filers	213,300	213,650	0.2%
Head of Household	275,790	274,420	-0.5%
Married Filing Jointly	1,178,210	1,178,720	0.0%
Married Filing Separately	22,380	23,260	3.9%
Wisconsin Adjusted Gross Income (WAGI)	151,620.00	157,770.00	4.1%
Standard Deduction			
Number of returns	2,439,550	2,420,450	-0.8%
Amount	18,878.98	18,961.22	0.4%
Personal Exemptions			
Number of returns	2,170,690	2,187,610	0.8%
Amount	3,220.74	3,224.04	0.1%
Taxable Income			
Number of returns	2,208,310	2,233,180	1.1%
Amount	130,823.20	136,823.84	4.6%
Gross Income Tax (before credits)			
Number of returns	2,200,960	2,226,030	1.1%
Amount	7,919.70	8,206.21	3.6%
Net Income Tax			
Number of returns	2,071,060	2,086,810	0.8%
Amount	6,583.71	6,813.38	3.5%
Alternative Minimum Tax			
Number of returns	27,810	29,080	4.6%
Amount	26.15	23.31	-10.9%
Total Tax Liability (Net Tax + Minimum Tax)			
Number of returns	2,071,840	2,087,100	0.7%
Percent of total returns filed	69.5%	69.7%	
Amount	6,609.86	6,836.68	3.4%
Aver. Tax Rate (as % of WAGI)	4.40%	4.30%	

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2013 AND 2014**  
**(dollar amounts in millions)**

	Tax Year 2013	Tax Year 2014	Percent Change
<b>Total Nonrefundable Credits (Used)</b>	<b>1,335.99</b>	<b>1,392.84</b>	<b>4.3%</b>
Itemized Deductions Credit			
Number of returns	624,235	619,967	-0.7%
Amount	254.96	255.39	0.2%
Armed Forces Credit			
Number of returns	4,240	3,420	-19.3%
Amount	1.16	0.94	-19.0%
School Property Tax/Rent Credit			
Number of returns	1,694,370	1,703,770	0.6%
Amount	399.61	401.47	0.5%
Working Families Credit			
Number of returns	900	750	-16.7%
Amount	0.27	0.23	-14.8%
Married Couple Credit			
Number of returns	658,690	654,390	-0.7%
Amount	260.86	260.81	0.0%
Credit for Taxes Paid to Other States			
Number of returns	73,220	76,070	3.9%
Amount	329.94	335.09	1.6%
Historic Rehabilitation Credits			
Number of returns	370	360	-2.7%
Amount	1.79	2.19	22.3%
Development Zone Credit			
Number of returns	70	70	0.0%
Amount	0.80	1.14	42.5%
Angel Investment Credit			
Number of returns	440	580	31.8%
Amount	3.92	4.77	21.7%
Early Stage Seed Investment Credit			
Number of returns	260	280	7.7%
Amount	2.21	1.23	-44.3%
Technology Zone Credit			
Number of returns	10	10	0.0%
Amount	0.02	0.09	350.0%
Health Insurance Risk Sharing Plan Assessments Credit			
Number of returns	<5	10	-
Amount	<0.01	<0.01	-
Manufacturing Investment Credit			
Number of returns	240	260	8.3%
Amount	0.85	0.67	-21.2%
Economic Development Tax Credit			
Number of returns	590	610	3.4%
Amount	6.40	5.41	-15.5%
Community Rehabilitation Program Credit			
Number of returns	80	100	25.0%
Amount	0.02	0.03	50.0%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2013 AND 2014**  
**(dollar amounts in millions)**

	Tax Year 2013	Tax Year 2014	Percent Change
Manufacturing Credit <sup>2</sup>			
Number of returns	4,680	5,610	19.9%
Amount	35.96	87.83	144.2%
Agriculture Credit			
Number of returns	6,710	6,190	-7.7%
Amount	10.68	16.51	54.6%
Research Expense Credits			
Number of returns	1,310	2,120	61.8%
Amount	8.68	12.93	49.0%
<b>Refundable Credits</b>	<b>253.92</b>	<b>241.12</b>	<b>-5.0%</b>
Earned Income Credit			
Number of returns	264,820	252,920	-4.5%
Amount	102.23	99.55	-2.6%
Homestead Credit			
Number of returns	212,240	193,580	-8.8%
Amount	110.79	99.92	-9.8%
Farmland Preservation Credit			
Number of returns	14,040	13,550	-3.5%
Amount	18.50	18.11	-2.1%
Veterans Property Tax Credit			
Number of returns	7,130	8,110	13.7%
Amount	21.02	23.54	12.0%
Enterprise Zone Jobs Credit			
Number of returns	<5	<5	-
Amount	1.16	0.87	-25.0%
Woody biomass harvesting and processing credit			
Number of returns	<5	<5	-
Amount	0.10	0.02	-80.0%
Jobs Tax Credit			
Number of returns	30	30	0.0%
Amount	0.64	1.27	98.4%

<sup>2</sup> The manufacturing and agriculture credit is a single credit comprised of two parts (manufacturing and agriculture) listed separately above. The increase in claims is primarily the result of the phase-in schedule for the credit. In 2013, the credit was equal to 1.875% of qualifying income and in 2014 it was equal to 3.75% of qualifying income.

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2013 AND 2014**  
**(dollar amounts in millions)**

	Tax Year 2013	Tax Year 2014	Percent Change
<b>Other</b>			
<b>Use Tax</b>			
Number of returns	85,360	68,260	-20.0%
Amount	4.64	3.58	-22.8%
<b>Endangered Resources Donation</b>			
Number of returns	10,460	12,680	21.2%
Amount	0.23	0.25	5.1%
<b>Packers Football Stadium Donation</b>			
Number of returns	2,950	4,440	50.5%
Amount	0.03	0.04	42.3%
<b>Cancer Research Donation</b>			
Number of returns	6,980	8,370	19.9%
Amount	0.12	0.13	6.6%
<b>Veterans Trust Fund Donation</b>			
Number of returns	4,590	6,120	33.3%
Amount	0.07	0.09	26.0%
<b>Multiple Sclerosis Donation</b>			
Number of returns	3,700	4,880	31.9%
Amount	0.06	0.08	29.3%
<b>Firefighters Memorial Donation</b>			
Number of returns	2,520	3,440	36.5%
Amount	0.02	0.03	29.2%
<b>Military Family Relief Fund</b>			
Number of returns	5,420	6,980	28.8%
Amount	0.10	0.11	18.9%
<b>Second Harvest Food Bank</b>			
Number of returns	6,040	7,430	23.0%
Amount	0.12	0.13	9.9%
<b>Red Cross Donation</b>			
Number of returns	4,870	5,970	22.6%
Amount	0.08	0.08	7.9%
<b>Special Olympics Donation</b>			
Number of returns	4,170	5,570	33.6%
Amount	0.06	0.08	25.8%

Source: Wisconsin Department of Revenue, Individual Income Tax Aggregate Statistics.

Note: Details may not sum to totals due to rounding.

## INDIVIDUAL INCOME TAX FOR TAX YEAR 2014 DISTRIBUTED BY INCOME CLASS

Tables 2A, 2B, 2C, 2D and Chart 1 show the distribution by income class – as measured by WAGI – of the number of tax filers, WAGI, net income tax, and alternative minimum tax liability for tax year 2014. The tables show the following:

- About 49.4% of tax filers had WAGI less than \$30,000, but they accounted for only 10.0% of total WAGI and 3.1% of net tax.
- At the other end of the income scale, the 0.5% of tax filers with WAGI in excess of \$500,000 received 14% of total WAGI and paid 18.5% of net tax. Tax filers with WAGI between \$100,000 and \$500,000 accounted for 11.6% of all filers, 34.8% of total WAGI, and 41.3% of net tax.
- The \$30,000 – \$50,000 income class accounted for roughly 17.5% of filers, 13.0% of total WAGI, and 9.3% of net tax.
- Those in the \$50,000 – \$100,000 income class were 21.1% of all filers, 28.4% of total WAGI, and 27.7% of net tax.

It is important to note that the distribution of tax filers by WAGI, as shown in Table 2A and Chart 1, does not accurately reflect the distribution of households by total household income. In particular, the percentage of households in low-income categories is much lower than the percentage of tax filers in those categories, for several reasons. First, nontaxable income is not included in the determination of WAGI. For example, at lower income levels, public assistance payments and social security benefits are not taxable and thus do not show up in WAGI. At higher income levels, 30% of long term capital gains are exempt from state taxation and not included in the calculation of WAGI. Thus, WAGI actually understates the income available to the tax filer for his or her use. Second, some taxpayers are able to reduce their income using tax shelters. As a result, WAGI understates their true income. Finally, about 14% of tax filers with WAGI lower than \$30,000 are children who are claimed as dependents on their parents' income tax returns, but have earned income and thus must file their own tax returns.

Tables 2B, 2C, and 2D show average tax rates by WAGI class. Table 2B includes net regular tax, while Table 2C includes net minimum tax, and Table 2D includes total net tax. The regular tax is calculated by applying the statutory tax rates and brackets to taxable income and subtracting used credits. The Wisconsin alternative minimum tax (AMT) is equal to 6.5% of alternative minimum taxable income after allowing exemptions of \$45,000 for individuals who are married filing jointly (\$22,500 if married filing separately and \$33,750 if single).<sup>3</sup> This calculated AMT amount is then compared with the liability under the regular income tax. An AMT is owed only if the calculated amount exceeds the regular tax.

Table 2D shows average tax rates by WAGI class. These rates, calculated by dividing net tax liability by the amount of WAGI, average 4.3% for all income classes, but rise from less than 1% for incomes below \$20,000 to 5.7% for incomes over \$200,000. The increase in the effective tax rate as income increases is the result of the progressive aspects of Wisconsin's income tax structure – specifically, a sliding scale standard deduction where the standard deduction decreases as income increases and marginal tax rates that increase as taxable income rises.

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<sup>3</sup> The Wisconsin AMT exemption amounts will be increased to the federal levels and indexed for inflation beginning in 2017.

**TABLE 2A**  
**DISTRIBUTION OF TAX FILERS, WAGI, AND TAX BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	All Tax Filers		Wis. Adjusted Gross Income (WAGI)		
	Count	%	Total Amount (\$)	%	Average (\$)
Less than \$0	50,750	1.7%	(1,237,353,710)	-0.8%	(24,380)
\$0 - <5,000	439,390	14.7	678,863,930	0.4	1,550
\$5,000 - <10,000	246,380	8.2	1,826,768,380	1.2	7,410
\$10,000 - <15,000	203,140	6.8	2,531,257,090	1.6	12,460
\$15,000 - <20,000	189,710	6.3	3,312,567,240	2.1	17,460
\$20,000 - <25,000	178,960	6.0	4,024,390,470	2.6	22,490
\$25,000 - <30,000	170,850	5.7	4,693,452,630	3.0	27,470
\$30,000 - <40,000	295,880	9.9	10,299,484,480	6.5	34,810
\$40,000 - <50,000	227,050	7.6	10,163,811,340	6.4	44,770
\$50,000 - <70,000	323,180	10.8	19,174,684,490	12.2	59,330
\$70,000 - <100,000	306,970	10.3	25,651,556,630	16.3	83,560
\$100,000 - <200,000	284,930	9.5	37,516,316,970	23.8	131,670
\$200,000 - <500,000	60,890	2.0	17,426,900,840	11.0	286,210
\$500,000 - 1,000,000	10,430	0.3	7,001,925,180	4.4	671,070
\$1,000,000 and over	5,010	0.2	14,707,121,280	9.3	2,937,900
<b>TOTAL</b>	<b>2,993,520</b>	<b>100.0%</b>	<b>157,771,747,230</b>	<b>100.0%</b>	<b>52,700</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**TABLE 2B**  
**DISTRIBUTION OF TAX FILERS AND NET TAX BY WAGI CLASS, TAX YEAR 2014**

WAGI CLASS	Filers with Net Tax		Net Income Tax*			Net Income Tax Rate**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	30	0.0%	(28,100)	0.0%	(1,120)	0.0%
\$0 - <5,000	41,560	2.0	3,396,770	0.0	80	0.5
\$5,000 - <10,000	28,710	1.4	6,407,850	0.1	220	0.4
\$10,000 - <15,000	87,680	4.2	12,819,540	0.2	150	0.5
\$15,000 - <20,000	128,890	6.2	31,197,470	0.5	240	0.9
\$20,000 - <25,000	147,920	7.1	60,246,710	0.9	410	1.5
\$25,000 - <30,000	156,600	7.5	97,048,400	1.4	620	2.1
\$30,000 - <40,000	288,100	13.8	286,998,130	4.2	1,000	2.8
\$40,000 - <50,000	224,070	10.7	349,470,670	5.1	1,560	3.4
\$50,000 - <70,000	320,030	15.3	754,128,210	11.1	2,360	3.9
\$70,000 - <100,000	305,060	14.6	1,141,964,860	16.8	3,740	4.5
\$100,000 - <200,000	282,700	13.5	1,851,336,810	27.2	6,550	4.9
\$200,000 - <500,000	60,310	2.9	956,729,670	14.0	15,860	5.5
\$500,000 - 1,000,000	10,250	0.5	430,716,910	6.3	42,020	6.2
\$1,000,000 and over	4,900	0.2	830,941,540	12.2	169,610	5.6
<b>TOTAL</b>	<b>2,086,810</b>	<b>100.0%</b>	<b>6,813,375,450</b>	<b>100.0%</b>	<b>3,260</b>	<b>4.3%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

\*After nonrefundable credits and before refundable credits. Excludes alternative minimum tax and tax filers without net tax liability.

\*\*Tax as % of WAGI.

**TABLE 2C**  
**DISTRIBUTION OF TAX FILERS AND MINIMUM TAX LIABILITY BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	Filers with Minimum Tax		Minimum Tax		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	170	0.6%	347,890	1.5%	2,010
\$0 - <5,000	1,770	6.1	1,055,850	4.5	600
\$5,000 - <10,000	430	1.5	261,020	1.1	600
\$10,000 - <15,000	320	1.1	272,250	1.2	850
\$15,000 - <20,000	230	0.8	187,070	0.8	820
\$20,000 - <25,000	170	0.6	158,120	0.7	950
\$25,000 - <30,000	150	0.5	138,650	0.6	940
\$30,000 - <40,000	260	0.9	275,660	1.2	1,050
\$40,000 - <50,000	180	0.6	212,420	0.9	1,180
\$50,000 - <70,000	290	1.0	421,840	1.8	1,460
\$70,000 - <100,000	280	1.0	442,070	1.9	1,600
\$100,000 - <200,000	1,550	5.3	1,831,010	7.9	1,180
\$200,000 - <500,000	23,080	79.4	15,854,230	68.0	690
\$500,000 - 1,000,000	150	0.5	811,910	3.5	5,270
\$1,000,000 and over	50	0.2	1,039,060	4.5	19,600
<b>TOTAL</b>	<b>29,080</b>	<b>100.0%</b>	<b>23,309,040</b>	<b>100.0%</b>	<b>800</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**TABLE 2D**  
**DISTRIBUTION OF TAX FILERS AND TOTAL NET TAX LIABILITY BY WAGI CLASS, TAX YEAR 2014**

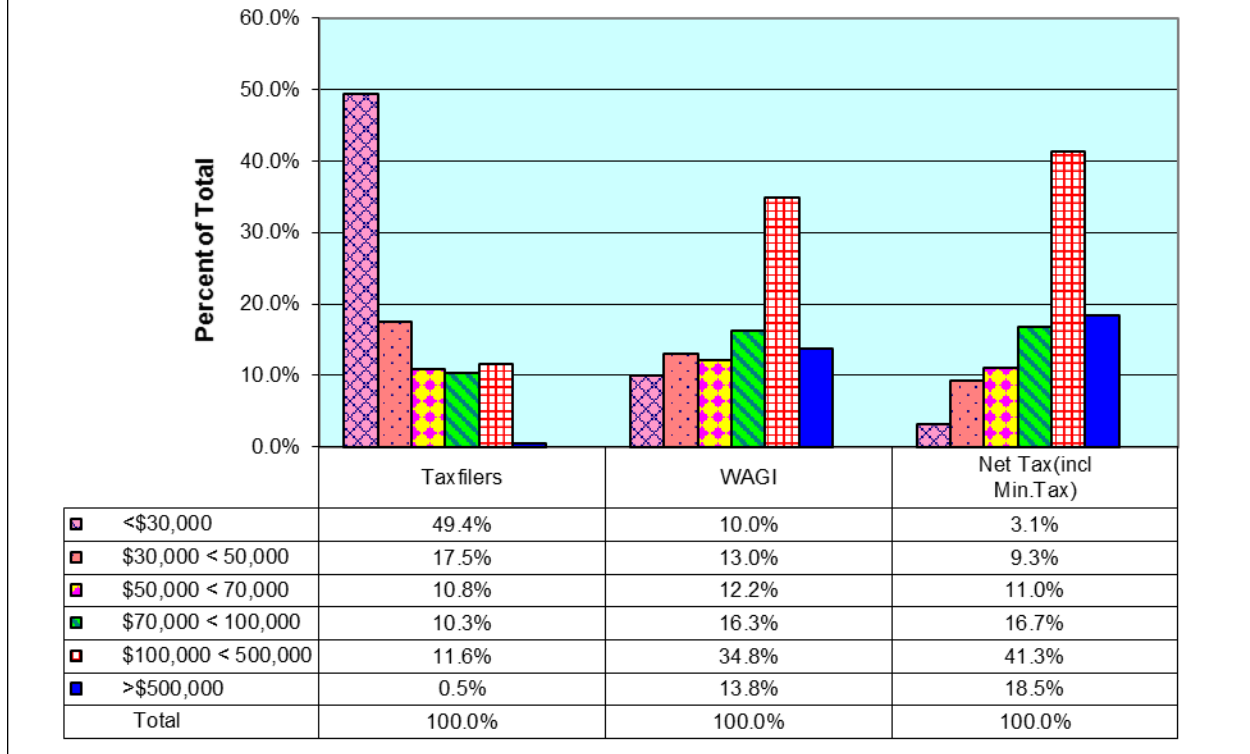
WAGI Class	Tax filers with Net + Minimum Tax		Total Net Tax Liability (Net + Minimum Tax)			Average Tax Rate (%)**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	170	0.0%	319,790	0.0%	1,940	0.0%
\$0 - <5,000	42,060	2.0	4,452,620	0.1	110	0.7
\$5,000 - <10,000	28,740	1.4	6,668,870	0.1	230	0.4
\$10,000 - <15,000	87,700	4.2	13,091,790	0.2	150	0.5
\$15,000 - <20,000	128,900	6.2	31,384,540	0.5	240	0.9
\$20,000 - <25,000	147,920	7.1	60,404,830	0.9	410	1.5
\$25,000 - <30,000	156,600	7.5	97,187,050	1.4	620	2.1
\$30,000 - <40,000	288,100	13.8	287,273,790	4.2	1,000	2.8
\$40,000 - <50,000	224,060	10.7	349,683,090	5.1	1,560	3.4
\$50,000 - <70,000	320,020	15.3	754,550,050	11.0	2,360	3.9
\$70,000 - <100,000	305,060	14.6	1,142,406,940	16.7	3,740	4.5
\$100,000 - <200,000	282,670	13.5	1,853,167,820	27.1	6,560	4.9
\$200,000 - <500,000	59,970	2.9	972,583,900	14.2	16,220	5.6
\$500,000 - 1,000,000	10,250	0.5	431,528,820	6.3	42,120	6.2
\$1,000,000 and over	4,900	0.2	831,980,590	12.2	169,860	5.7
<b>TOTAL</b>	<b>2,087,100</b>	<b>100.0%</b>	<b>6,836,684,490</b>	<b>100.0%</b>	<b>3,280</b>	<b>4.33%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

\*\*Tax as % of WAGI.



**CHART 1  
DISTRIBUTION OF TAXFILERS, WAGI AND TAX BY INCOME CLASS  
FOR TAX YEAR 2014**



### DISTRIBUTION BY FILING STATUS

Table 3 and Chart 2 show that married couples, whether filing separately or jointly, accounted for 40% of all filers in tax year 2014. They were responsible for 68% of total WAGI and 73% of total net tax liability. In contrast, single tax filers, though accounting for about the same share of filers as married couples, 44%, were responsible for 25% of WAGI and 22% of liability. Dependent filers, those who file a return because they have income but are claimed as dependents on someone else's tax return, accounted for 7% of filers but had an insignificant share of WAGI and tax liability. Heads of household were 9% of filers and had 6% of total WAGI and 5% of tax.

**TABLE 3  
DISTRIBUTION OF TAX FILERS, WAGI AND NET TAX LIABILITY BY FILING STATUS, TAX YEAR 2014**

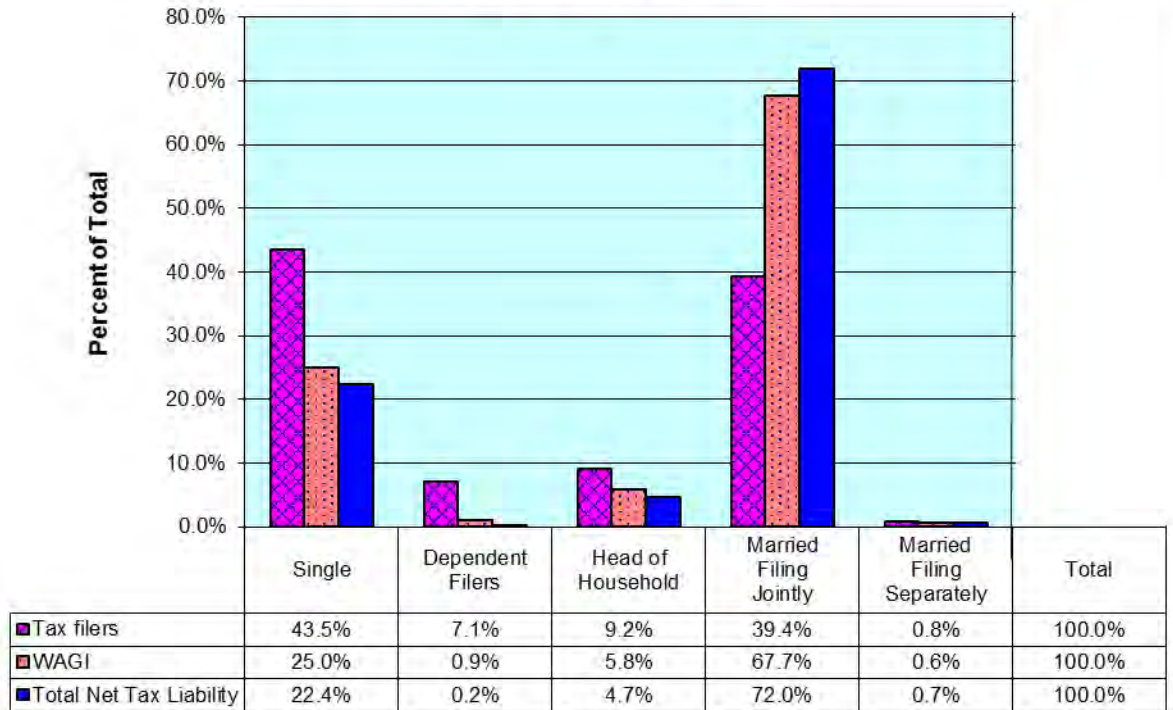
Filing Status	Tax filers		Wisconsin Adjusted Gross Income (WAGI)			Total Net Tax Liability*		Average Tax Rate** (%)
	Count	%	Total (\$ million)	%	Average (\$)	Total (\$ million)	%	
Single	1,303,480	43.5%	39,382.7	25.0%	30,210	1,532.2	22.4%	3.9%
Dependent Filers	213,650	7.1%	1,473.8	0.9%	6,900	14.1	0.2%	1.0%
Head of Household	274,420	9.2%	9,171.9	5.8%	33,420	320.6	4.7%	3.5%
Married Filing Jointly	1,178,720	39.4%	106,805.8	67.7%	90,610	4,923.9	72.0%	4.6%
Married Filing Separately	23,260	0.8%	937.6	0.6%	40,310	45.8	0.7%	4.9%
<b>Total</b>	<b>2,993,520</b>	<b>100.0%</b>	<b>157,771.7</b>	<b>100.0%</b>	<b>52,700</b>	<b>6,836.7</b>	<b>100.0%</b>	<b>4.3%</b>

\* Total net tax liability includes alternative minimum tax and nonrefundable credits, but not refundable credits.

\*\*Net tax as percentage of WAGI.

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**CHART 2  
DISTRIBUTION OF TAX FILERS, WAGI AND NET TAX LIABILITY BY FILING STATUS, TAX YEAR 2014**



## **CREDITS**

An income tax credit is a subtraction from gross tax liability. There are two kinds of credits: nonrefundable credits and refundable credits. Nonrefundable credits can only be used to reduce tax liability; in some cases unused amounts of credits can be carried forward for up to 15 years to offset tax liability. The four largest nonrefundable credits are the itemized deduction credit, the school property tax credit, the credit for taxes paid to other states, and the married couple credit.

### **Itemized Deductions Credit**

Unlike the federal income tax, the Wisconsin income tax does not allow itemized deductions. Instead, certain expenses are eligible for an itemized deduction credit. The credit equals 5% of the amount of eligible expenses in excess of the sliding scale standard deduction. Expenses qualifying for the credit include mortgage interest on a primary residence located in Wisconsin, charitable contributions, medical expenses in excess of 10% (7.5% for elderly filers) of the taxpayer's federal adjusted gross income, and certain casualty losses directly related to a federally declared disaster.

The distribution of the itemized deductions credit by income class is shown in Table 4. Out of a total of 2.99 million tax filers, about 644,000 (21.5%) claim the credit, but 620,000 have enough liability to use the credit. The percentage of filers within an income class using the credit tends to rise with income. While only 3% of filers with incomes below \$30,000 used the itemized deductions credit, close to 100% of filers with incomes of \$100,000 or more used the credit. The total amount of the used itemized deductions credit was \$255 million. About 95% of the credits used were accounted for by filers with WAGI exceeding \$50,000.

The itemized deductions credit primarily benefits higher-income filers for two reasons. First, the expenses that qualify for the credit, mortgage interest and charitable contributions, tend to be larger for persons with higher incomes. Second, expenses are eligible for the credit only to the extent that they exceed the standard deduction. The design of the sliding scale standard deduction ensures that the standard deduction is reduced as income increases. Thus, lower income filers have larger standard deductions that typically exceed their qualified itemized deductions, so they seldom claim the itemized deductions credit. By contrast, higher income filers are allowed only a small or no standard deduction. These filers tend to have a large amount of eligible expenses against which the 5% itemized deductions credit is applied.

**TABLE 4  
DISTRIBUTION OF ITEMIZED DEDUCTIONS CREDIT BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	Tax Filers	Itemized Deductions Credit							
	Count	Total Claimed		Used Credit		Amount of Used Credit			% Used Amounts to claimed amounts
		Count	Amount (\$)	Count	% of filers in income class	(\$)	%	Average (\$)	
Less than \$0	50,750	4,250	6,026,160	0	0.0%	0	0.0%	-	0.0%
\$0 - <5,000	439,390	27,860	91,990,760	11,460	2.6	123,930	0.0	10	0.1
\$5,000 - <10,000	246,380	8,900	2,905,830	6,670	2.7	201,230	0.1	30	6.9
\$10,000 - <15,000	203,140	6,480	2,191,000	5,610	2.8	309,410	0.1	60	14.1
\$15,000 - <20,000	189,710	6,510	2,579,830	5,910	3.1	713,070	0.3	120	27.6
\$20,000 - <25,000	178,960	6,090	2,699,180	6,070	3.4	1,082,310	0.4	180	40.1
\$25,000 - <30,000	170,850	6,380	2,492,550	6,380	3.7	1,491,180	0.6	230	59.8
\$30,000 - <40,000	295,880	15,000	5,595,440	15,000	5.1	4,094,410	1.6	270	73.2
\$40,000 - <50,000	227,050	19,810	6,086,340	19,810	8.7	5,199,160	2.0	260	85.4
\$50,000 - <70,000	323,180	59,210	14,555,490	59,210	18.3	13,853,820	5.4	230	95.2
\$70,000 - <100,000	306,970	147,470	37,817,080	147,470	48.0	36,957,840	14.5	250	97.7
\$100,000 - <200,000	284,930	262,810	112,104,150	262,810	92.2	112,006,220	43.9	430	99.9
\$200,000 - <500,000	60,890	58,940	44,099,660	58,940	96.8	44,081,080	17.3	750	100.0
\$500,000 - 1,000,000	10,430	10,020	12,352,570	10,020	96.1	12,352,570	4.8	1,230	100.0
\$1,000,000 and over	5,010	4,640	22,978,270	4,640	92.6	22,922,520	9.0	4,940	99.8
<b>TOTAL</b>	<b>2,993,520</b>	<b>644,350</b>	<b>366,474,290</b>	<b>619,970</b>	<b>20.7%</b>	<b>255,388,740</b>	<b>100.0%</b>	<b>410</b>	<b>69.7%</b>

### **School Property Tax Credit**

The school property tax credit for tax year 2014 is equal to 12% of the first \$2,500 of property taxes (or rent equivalent) paid on a principal residence, with a maximum credit of \$300. The rent equivalent of property tax is equal to 20% of rent if heat is included in the rent and 25% if the tenant paid for heat separately from his or her rent.

The school property tax credit has the highest participation rate of all the nonrefundable credits. As Table 5 shows, out of 2.99 million tax filers, 2.00 million (or 67%) claimed a total of \$472 million in credits: \$353 million in property tax credits and \$118 million in rent credits. (The total number of claimants is less than the sum of property tax credit claimants and rent credit claimants because some filers claim both credits if they were renters for part of the year and homeowners for the remainder of the year.) Because the credit is nonrefundable, some filers who claim it may not be able to fully use it because they do not have enough tax liability. As such, 1.70 million filers were able to use the credit, and the total amount of used credit was \$401 million, or 85% of the amount claimed.

Low-income filers were less likely to fully use their credit. Credits used are less than 1% of credits claimed for filers with WAGI less than \$10,000, but close to 100% for filers with WAGI of \$25,000 or more. Of the \$401 million in total used school property tax/rent credit, 41% went to those with incomes of \$30,000 - \$70,000.

The \$2,500 cap on property taxes or rent equivalent that are eligible for the credit limits the value of the credit to upper-income filers who tend to live in homes with higher property values and thus pay higher property taxes. As seen in Table 5, filers with WAGI of \$100,000 or more had average credits that approach the \$300 maximum.

**TABLE 5  
DISTRIBUTION OF SCHOOL PROPERTY TAX/RENT CREDIT BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	Tax Filers		School Property Tax/Rent Credit						
	Count	Property Tax Credit Claimed			Rent Credit Claimed			Total Credit Claimed	
		Count	Amount (\$)	Average (\$)	Count	Amount (\$)	Average (\$)	Count	Amount (\$)
Less than \$0	50,750	13,880	3,202,270	230	3,720	621,130	170	17,350	3,823,410
\$0 - <5,000	439,390	64,990	15,165,930	230	57,350	7,977,930	140	119,960	23,143,860
\$5,000 - <10,000	246,380	40,870	9,549,410	230	51,790	6,661,590	130	91,190	16,210,990
\$10,000 - <15,000	203,140	42,210	9,898,120	230	63,130	8,601,860	140	103,670	18,499,970
\$15,000 - <20,000	189,710	47,320	11,168,750	240	69,060	10,274,210	150	114,400	21,442,960
\$20,000 - <25,000	178,960	50,790	12,072,850	240	69,310	10,974,210	160	117,860	23,047,060
\$25,000 - <30,000	170,850	57,500	13,810,040	240	66,270	11,099,050	170	121,220	24,909,080
\$30,000 - <40,000	295,880	122,280	29,760,130	240	107,840	19,333,930	180	224,900	49,094,060
\$40,000 - <50,000	227,050	119,410	29,925,320	250	69,990	13,582,210	190	184,820	43,507,530
\$50,000 - <70,000	323,180	215,910	56,403,090	260	73,560	15,549,260	210	282,590	71,952,350
\$70,000 - <100,000	306,970	250,540	68,924,910	280	38,620	8,829,420	230	283,170	77,754,330
\$100,000 - <200,000	284,930	255,440	73,615,370	290	17,580	4,135,010	240	268,910	77,750,380
\$200,000 - <500,000	60,890	54,500	16,024,730	290	2,100	519,290	250	56,120	16,544,020
\$500,000 - 1,000,000	10,430	9,060	2,683,150	300	230	56,820	250	9,250	2,739,970
\$1,000,000 and over	5,010	4,140	1,230,870	300	60	16,350	270	4,200	1,247,220
<b>TOTAL</b>	<b>2,993,520</b>	<b>1,348,860</b>	<b>353,434,940</b>	<b>260</b>	<b>690,600</b>	<b>118,232,260</b>	<b>170</b>	<b>1,999,600</b>	<b>471,667,190</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**TABLE 5 (continued)**  
**DISTRIBUTION OF SCHOOL PROPERTY TAX/RENT CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Total Credit Used		Amount of Used Credit			% Used Amounts to claimed amounts
	Count	% of filers in income class	Amount (\$)	% of Total Used	Average (\$)	
Less than \$0	0	0.0%	0	0.0%	-	0.0%
\$0 - <5,000	2,770	0.6	40,450	0.0%	10	0.2
\$5,000 - <10,000	4,560	1.9	145,080	0.0%	30	0.9
\$10,000 - <15,000	56,040	27.6	3,995,350	1.0%	70	21.6
\$15,000 - <20,000	91,630	48.3	13,475,080	3.4%	150	62.8
\$20,000 - <25,000	115,520	64.6	19,179,880	4.8%	170	83.2
\$25,000 - <30,000	120,660	70.6	24,481,320	6.1%	200	98.3
\$30,000 - <40,000	224,220	75.8	48,862,900	12.2%	220	99.5
\$40,000 - <50,000	184,490	81.3	43,406,230	10.8%	240	99.8
\$50,000 - <70,000	282,340	87.4	71,874,960	17.9%	250	99.9
\$70,000 - <100,000	283,090	92.2	77,733,050	19.4%	270	100.0
\$100,000 - <200,000	268,890	94.4	77,742,740	19.4%	290	100.0
\$200,000 - <500,000	56,120	92.2	16,542,830	4.1%	290	100.0
\$500,000 - 1,000,000	9,250	88.7	2,739,970	0.7%	300	100.0
\$1,000,000 and over	4,200	83.8	1,246,920	0.3%	300	100.0
<b>TOTAL</b>	<b>1,703,770</b>	<b>56.9%</b>	<b>401,466,750</b>	<b>100.0%</b>	<b>240</b>	<b>85.1%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Married Couple Credit

A married couple credit is available to married couples filing jointly where both spouses are employed. The purpose of the credit is to offset the marriage tax penalty that may occur due to the structure of the state's income tax. In Wisconsin, a married couple may pay taxes that are higher than their combined liability would be if they had each filed as a single taxpayer.

For tax year 2014, the credit equaled 3% of the first \$16,000 of the earned income of the lower-earning spouse, with a maximum credit of \$480. Earned income includes wages, salaries, tips or other employee compensation, and net earnings from self-employment, reduced by any net loss from self-employment and by deductions for Keogh or individual retirement accounts.

Married couples must file jointly in order to claim the married couple credit.

About 56% of all married joint filers used the credit in 2014, as Table 6 shows. About 654,000 married couples were able to use a total of \$261 million in credits to lower their tax liability. Most of the benefits of the married couple credit go to the middle income class, with 84% of the used credits going to those with incomes between \$50,000 and \$200,000.

**TABLE 6  
DISTRIBUTION OF MARRIED COUPLE CREDIT BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	Married Joint Filers	Married Couple Credit							
		Total Claimed		Used Credit				% Used Amounts to Claimed Amounts	
	Count	Count	Amount (\$)	Count	% of filers in income class	Amount (\$)	% of Total Used		Average (\$)
Less than \$0	13,100	1,090	256,160	20	0.1%	5,630	0.0%	330	2.2%
\$0 - <5,000	67,750	2,410	245,040	300	0.4%	15,400	0.0%	50	6.3%
\$5,000 - <10,000	33,830	3,460	293,080	450	1.3%	34,020	0.0%	80	11.6%
\$10,000 - <15,000	33,750	5,330	607,360	580	1.7%	63,790	0.0%	110	10.5%
\$15,000 - <20,000	33,040	7,070	1,013,360	740	2.2%	93,930	0.0%	130	9.3%
\$20,000 - <25,000	36,300	9,000	1,496,030	3,210	8.8%	312,300	0.1%	100	20.9%
\$25,000 - <30,000	42,800	11,920	2,340,840	10,460	24.4%	1,347,040	0.5%	130	57.5%
\$30,000 - <40,000	88,370	32,700	8,159,180	32,600	36.9%	7,813,570	3.0%	240	95.8%
\$40,000 - <50,000	87,780	43,330	13,573,730	43,310	49.3%	13,562,260	5.2%	310	99.9%
\$50,000 - <70,000	181,730	119,580	45,581,710	119,560	65.8%	45,569,920	17.5%	380	100.0%
\$70,000 - <100,000	240,010	189,930	81,199,290	189,920	79.1%	81,195,400	31.1%	430	100.0%
\$100,000 - <200,000	253,370	210,430	93,282,440	210,430	83.1%	93,280,780	35.8%	440	100.0%
\$200,000 - <500,000	53,690	36,440	15,104,540	36,440	67.9%	15,104,540	5.8%	410	100.0%
\$500,000 - 1,000,000	9,070	4,630	1,773,210	4,630	51.0%	1,773,210	0.7%	380	100.0%
\$1,000,000 and over	4,150	1,760	637,860	1,760	42.5%	637,860	0.2%	360	100.0%
<b>TOTAL</b>	<b>1,178,720</b>	<b>679,060</b>	<b>265,563,820</b>	<b>654,390</b>	<b>55.5%</b>	<b>260,809,640</b>	<b>100.0%</b>	<b>400</b>	<b>98.2%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.



### **Credit for Taxes Paid to Other States**

The credit for taxes paid to other states ensures that individuals who live in Wisconsin do not have to pay state income tax on income that has also been taxed by another state. In general, residents of a state are required to report all of their taxable income to their state of residency and calculate gross tax using all income, regardless of where it was earned. States also tax nonresident individuals on income earned in the state. The result is that some income may be taxable to more than one state. As such, every state offers a credit for residents to offset taxes paid to other states.

Similar to the credit, Wisconsin also has income tax reciprocity agreements with Illinois, Indiana, Kentucky, and Michigan for personal service income. Under these agreements, individuals who live in Wisconsin and work in the other states are not taxed by the other states on personal service income and consequently may not claim a credit for tax paid to the other state for that income. Wisconsin has also agreed to forgo taxing personal service income earned in Wisconsin by residents of the other states. These agreements allow individuals to file a tax return only for their resident state.

Individuals with income above \$200,000 claim about 66% of the total credit. Meanwhile, individuals with income below \$50,000 claim about 4% of the total credit. This generally reflects that high income filers have a larger share of income derived from out-of-state sources.

**TABLE 7**  
**DISTRIBUTION OF CREDIT FOR TAXES PAID TO OTHER STATES BY WAGI CLASS, TAX YEAR 2014**

WAGI CLASS	TAXFILERS	CREDIT FOR TAXES PAID TO OTHER STATES							
	Count	Total Claimed		Used Credit				% Used Amts. to claimed amounts	
		Count	Amount (\$)	Count	as % of filers in income class	Amount (\$)	%		Aver. \$
Less than \$0	50,750	20	48,750	10	0.0%	19,260	0.0%	2,750	39.5%
\$0 - <5,000	439,390	300	102,290	250	0.1%	29,810	0.0%	120	29.1%
\$5,000 - <10,000	246,380	410	49,110	380	0.2%	43,350	0.0%	110	88.3%
\$10,000 - <15,000	203,140	1,870	178,440	1,860	0.9%	170,440	0.1%	90	95.5%
\$15,000 - <20,000	189,710	2,280	461,740	2,270	1.2%	453,630	0.1%	200	98.2%
\$20,000 - <25,000	178,960	2,470	841,910	2,460	1.4%	837,040	0.2%	340	99.4%
\$25,000 - <30,000	170,850	2,690	1,335,790	2,680	1.6%	1,327,110	0.4%	500	99.4%
\$30,000 - <40,000	295,880	5,780	4,105,970	5,770	2.0%	4,091,360	1.2%	710	99.6%
\$40,000 - <50,000	227,050	5,690	5,730,280	5,690	2.5%	5,719,560	1.7%	1,000	99.8%
\$50,000 - <70,000	323,180	10,920	15,043,660	10,910	3.4%	15,033,240	4.5%	1,380	99.9%
\$70,000 - <100,000	306,970	14,110	27,332,140	14,110	4.6%	27,317,400	8.2%	1,940	99.9%
\$100,000 - <200,000	284,930	18,540	59,699,830	18,530	6.5%	59,629,970	17.8%	3,220	99.9%
\$200,000 - <500,000	60,890	7,030	38,291,070	7,030	11.5%	38,196,200	11.4%	5,440	99.8%
\$500,000 - 1,000,000	10,430	2,130	22,999,790	2,130	20.4%	22,900,870	6.8%	10,750	99.6%
\$1,000,000 and over	5,010	1,980	159,671,590	1,970	39.3%	159,325,260	47.5%	80,830	99.8%
<b>TOTAL</b>	<b>2,993,520</b>	<b>76,190</b>	<b>335,892,350</b>	<b>76,070</b>	<b>2.5%</b>	<b>335,094,480</b>	<b>100.0%</b>	<b>4,410</b>	<b>99.8%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Other Nonrefundable Credits

Tables 8A – 8L provide information on the remaining nonrefundable credits. Credits that have been repealed and are only available as carryovers from prior years have been excluded. Additionally, the health insurance risk sharing plan assessments credit and the technology zone credit have been excluded from the tables. In both cases, 10 or fewer individuals used the credits. For confidentiality purposes, the used credit values have been rounded to the nearest ten and particularly small numbers have been suppressed.

The armed forces member tax credit (see Table 8A) provides up to \$300 for military pay received for service while stationed outside the United States. It benefited 3,420 filers at a cost of \$940,000. About 70% of the credit went to filers with incomes below \$40,000.

**TABLE 8A  
DISTRIBUTION OF ARMED FORCES MEMBER TAX CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Armed Forces Member Tax Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	<5	0.0%	400	0.0%	-
\$5,000 - <10,000	246,380	10	0.0%	390	0.0%	40
\$10,000 - <15,000	203,140	210	0.1%	19,760	2.1%	90
\$15,000 - <20,000	189,710	360	0.2%	94,510	10.0%	260
\$20,000 - <25,000	178,960	740	0.4%	201,200	21.4%	270
\$25,000 - <30,000	170,850	540	0.3%	157,220	16.7%	290
\$30,000 - <40,000	295,880	630	0.2%	188,660	20.0%	300
\$40,000 - <50,000	227,050	340	0.1%	105,530	11.2%	310
\$50,000 - <70,000	323,180	320	0.1%	99,230	10.5%	310
\$70,000 - <100,000	306,970	170	0.1%	50,050	5.3%	290
\$100,000 - <200,000	284,930	90	0.0%	22,960	2.4%	260
\$200,000 - <500,000	60,890	10	0.0%	1,750	0.2%	180
\$500,000 - <1,000,000	10,430	-	0.0%	-	0.0%	-
\$1,000,000 and over	5,010	-	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>2,993,520</b>	<b>3,420</b>	<b>0.1%</b>	<b>941,650</b>	<b>100.0%</b>	<b>280</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The working families' credit, introduced in tax year 1998, eliminates Wisconsin income tax for single persons with \$9,000 or less of income and for married couples with income of \$18,000 or less. The credit is phased out over the next \$1,000 of income above these thresholds. In tax year 2014, 750 filers benefited from it at a total cost of approximately \$230,000

The credit has declined over the years as other provisions of the income tax code have made it redundant. In particular, the standard deduction, which was raised substantially in tax year 2000 and indexed for inflation for subsequent years, has eliminated the tax liability for most filers who would otherwise claim this credit. The current claimants of the credit are almost exclusively married filers in which one spouse is a resident and one spouse is a nonresident. Because the credit does not consider out of state income these tend to be the only filers with tax liability and Wisconsin income in the eligibility range.

**TABLE 8B  
DISTRIBUTION OF WORKING FAMILIES TAX CREDIT BY WAGI CLASS, TAX YEAR 2014**

WAGI Class	Tax filers	Used Working Families Tax Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	140	0.0%	14,200	6.2%	100
\$5,000 - <10,000	246,380	230	0.1%	45,440	19.8%	190
\$10,000 - <15,000	203,140	190	0.1%	84,750	36.9%	440
\$15,000 - <20,000	189,710	180	0.1%	84,340	36.7%	470
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	-	0.0%	-	0.0%	-
\$30,000 - <40,000	295,880	-	0.0%	-	0.0%	-
\$40,000 - <50,000	227,050	-	0.0%	-	0.0%	-
\$50,000 - <70,000	323,180	-	0.0%	-	0.0%	-
\$70,000 - <100,000	306,970	-	0.0%	-	0.0%	-
\$100,000 - <200,000	284,930	-	0.0%	-	0.0%	-
\$200,000 - <500,000	60,890	-	0.0%	-	0.0%	-
\$500,000 - <1,000,000	10,430	-	0.0%	-	0.0%	-
\$1,000,000 and over	5,010	-	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>2,993,520</b>	<b>750</b>	<b>0.0%</b>	<b>229,580</b>	<b>100.0%</b>	<b>310</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The historic credits (see Table 8C) were used by 360 tax filers, totaling \$2.2 million for an average credit of \$6,090. Filers with income of \$70,000 or more accounted for 96% of the credit amounts. The credits are also available to corporations, so the table does not reflect all credit claimants. 2014 is the first year in which the historic rehabilitation credit was quadrupled from its traditional rate of 5% of project costs to 20% of project costs. The multi-year process for awarding and verifying credits and completing projects means the impact of the expansion of the credit will appear in later years.

**TABLE 8C  
DISTRIBUTION OF HISTORIC CREDITS BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers		Used Historic Credits			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	<5	0.0%	1,150	0.1%	-
\$5,000 - <10,000	246,380	<5	0.0%	520	0.0%	-
\$10,000 - <15,000	203,140	<5	0.0%	140	0.0%	-
\$15,000 - <20,000	189,710	-	0.0%	-	0.0%	-
\$20,000 - <25,000	178,960	<5	0.0%	1,060	0.0%	-
\$25,000 - <30,000	170,850	10	0.0%	4,060	0.2%	410
\$30,000 - <40,000	295,880	10	0.0%	11,190	0.5%	1,120
\$40,000 - <50,000	227,050	20	0.0%	18,490	0.8%	920
\$50,000 - <70,000	323,180	30	0.0%	47,850	2.2%	1,600
\$70,000 - <100,000	306,970	50	0.0%	143,050	6.5%	2,860
\$100,000 - <200,000	284,930	130	0.0%	602,680	27.5%	4,640
\$200,000 - <500,000	60,890	80	0.1%	594,060	27.1%	7,430
\$500,000 - <1,000,000	10,430	20	0.2%	250,320	11.4%	12,520
\$1,000,000 and over	5,010	10	0.2%	519,530	23.7%	51,950
<b>TOTAL</b>	<b>2,993,520</b>	<b>360</b>	<b>0.0%</b>	<b>2,194,120</b>	<b>100.0%</b>	<b>6,090</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The development zone credits (see Table 8D) benefited 70 tax filers at a cost of \$1.1 million for an average credit of \$16,300. About 98% of this credit went to filers with income of \$200,000 or more, and 92% of this credit went to filers with income of \$1 million or more. The credit is also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8D  
DISTRIBUTION OF DEVELOPMENT ZONE CREDITS BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Development Zone Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	<5	0.0%	4,010	0.4%	-
\$5,000 - <10,000	246,380	-	0.0%	-	0.0%	-
\$10,000 - <15,000	203,140	-	0.0%	-	0.0%	-
\$15,000 - <20,000	189,710	-	0.0%	-	0.0%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	-	0.0%	-	0.0%	-
\$30,000 - <40,000	295,880	<5	0.0%	930	0.1%	-
\$40,000 - <50,000	227,050	<5	0.0%	4,950	0.4%	-
\$50,000 - <70,000	323,180	<5	0.0%	2,680	0.2%	-
\$70,000 - <100,000	306,970	<5	0.0%	4,700	0.4%	-
\$100,000 - <200,000	284,930	<5	0.0%	9,520	0.8%	-
\$200,000 - <500,000	60,890	10	0.0%	38,730	3.4%	3,870
\$500,000 - <1,000,000	10,430	10	0.0%	22,270	2.0%	2,230
\$1,000,000 and over	5,010	40	0.8%	1,053,450	92.3%	26,340
TOTAL	2,993,520	70	0.0%	1,141,250	100.0%	16,300

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The angel investment credit (see Table 8E) benefited 580 tax filers at a cost of \$4.8 million for an average credit of \$8,230. About 97% of this credit went to filers with income of \$100,000 or more, and 67% of this credit went to filers with income of \$500,000 or more. The angel investment credit is not available to corporate taxpayers, so the table below represents all claims for 2014.

**TABLE 8E  
DISTRIBUTION OF ANGEL INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers		Used Angel Investment Credit			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	<5	0.0%	580	0.0%	-
\$5,000 - <10,000	246,380	<5	0.0%	300	0.0%	-
\$10,000 - <15,000	203,140	<5	0.0%	250	0.0%	-
\$15,000 - <20,000	189,710	<5	0.0%	1,150	0.0%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	<5	0.0%	230	0.0%	-
\$30,000 - <40,000	295,880	10	0.0%	7,770	0.2%	780
\$40,000 - <50,000	227,050	10	0.0%	8,900	0.2%	890
\$50,000 - <70,000	323,180	30	0.0%	61,300	1.3%	2,040
\$70,000 - <100,000	306,970	30	0.0%	78,330	1.6%	2,610
\$100,000 - <200,000	284,930	100	0.0%	346,310	7.3%	3,460
\$200,000 - <500,000	60,890	150	0.2%	1,092,360	22.9%	7,280
\$500,000 - <1,000,000	10,430	120	1.2%	1,163,150	24.4%	9,690
\$1,000,000 and over	5,010	130	2.6%	2,009,960	42.1%	15,460
<b>TOTAL</b>	<b>2,993,520</b>	<b>580</b>	<b>0.0%</b>	<b>4,770,580</b>	<b>100.0%</b>	<b>8,230</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The early stage seed investment credit (see Table 8F) was used by 280 tax filers at a cost of \$1.2 million. The average credit was \$4,380. Filers with incomes of \$200,000 or more accounted for 88% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants. The credit is transferable, so it is possible for a claimant to be someone other than the early stage seed investor.

**TABLE 8F  
DISTRIBUTION OF SEED INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers		Used Seed Investment Credit			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	10	0.0%	1,520	0.1%	150
\$5,000 - <10,000	246,380	>5	0.0%	630	0.1%	-
\$10,000 - <15,000	203,140	>5	0.0%	190	0.0%	-
\$15,000 - <20,000	189,710	>5	0.0%	440	0.0%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	-	0.0%	-	0.0%	-
\$30,000 - <40,000	295,880	>5	0.0%	1,980	0.2%	-
\$40,000 - <50,000	227,050	>5	0.0%	3,930	0.3%	-
\$50,000 - <70,000	323,180	10	0.0%	6,320	0.5%	630
\$70,000 - <100,000	306,970	10	0.0%	17,730	1.4%	1,770
\$100,000 - <200,000	284,930	50	0.0%	119,400	9.7%	2,390
\$200,000 - <500,000	60,890	80	0.1%	235,340	19.2%	2,940
\$500,000 - <1,000,000	10,430	60	0.6%	230,600	18.8%	3,840
\$1,000,000 and over	5,010	60	1.2%	608,200	49.6%	10,140
<b>TOTAL</b>	<b>2,993,520</b>	<b>280</b>	<b>0.0%</b>	<b>1,226,280</b>	<b>100.0%</b>	<b>4,380</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.



The manufacturing investment credit (see Table 8G) was used by 260 tax filers at a cost of \$670,000. The average credit was \$2,570. Filers with incomes of \$1,000,000 or more accounted for 62% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants. The manufacturing investment credit, as opposed to the manufacturing portion of the manufacturing and agriculture credit, is for claimants who had significant unused carryforwards at the time of repeal of the credit for sales tax paid on fuel and electricity used in manufacturing.

**TABLE 8G  
DISTRIBUTION OF MANUFACTURING INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Manufacturing Investment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	-	0.0%	-	0.0%	-
\$5,000 - <10,000	246,380	<5	0.0%	280	0.0%	-
\$10,000 - <15,000	203,140	<5	0.0%	460	0.1%	-
\$15,000 - <20,000	189,710	-	0.0%	-	0.0%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	10	0.0%	2,520	0.4%	250
\$30,000 - <40,000	295,880	<5	0.0%	140	0.0%	-
\$40,000 - <50,000	227,050	<5	0.0%	370	0.1%	-
\$50,000 - <70,000	323,180	10	0.0%	2,120	0.3%	210
\$70,000 - <100,000	306,970	20	0.0%	1,670	0.2%	80
\$100,000 - <200,000	284,930	50	0.0%	30,120	4.5%	600
\$200,000 - <500,000	60,890	60	0.1%	94,750	14.2%	1,580
\$500,000 - <1,000,000	10,430	30	0.3%	123,420	18.5%	4,110
\$1,000,000 and over	5,010	80	1.6%	413,020	61.8%	5,160
<b>TOTAL</b>	<b>2,993,520</b>	<b>260</b>	<b>0.0%</b>	<b>668,850</b>	<b>100.0%</b>	<b>2,570</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The economic development credit (see Table 8H) was used by 610 tax filers at a cost of \$5.4 million. The average credit was \$8,880. Filers with incomes of \$500,000 or more accounted for 85% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8H  
DISTRIBUTION OF THE ECONOMIC DEVELOPMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Economic Development Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	10	0.0%	160	0.0%	20
\$5,000 - <10,000	246,380	<5	0.0%	1,330	0.0%	-
\$10,000 - <15,000	203,140	<5	0.0%	860	0.0%	-
\$15,000 - <20,000	189,710	<5	0.0%	4,120	0.1%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	<5	0.0%	1,690	0.0%	-
\$30,000 - <40,000	295,880	10	0.0%	6,160	0.1%	620
\$40,000 - <50,000	227,050	<5	0.0%	5,640	0.1%	-
\$50,000 - <70,000	323,180	20	0.0%	9,330	0.2%	470
\$70,000 - <100,000	306,970	40	0.0%	30,640	0.6%	770
\$100,000 - <200,000	284,930	130	0.0%	203,500	3.8%	1,570
\$200,000 - <500,000	60,890	120	0.2%	561,680	10.4%	4,680
\$500,000 - <1,000,000	10,430	90	0.9%	712,490	13.2%	7,920
\$1,000,000 and over	5,010	170	3.4%	3,876,200	71.6%	22,800
<b>TOTAL</b>	<b>2,993,520</b>	<b>610</b>	<b>0.0%</b>	<b>5,413,810</b>	<b>100.0%</b>	<b>8,880</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The community rehabilitation program credit (see Table 8I) was used by 100 tax filers at a cost of \$30,000. The average credit was \$300. Filers with incomes of \$200,000 or more accounted for 92% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8I**  
**DISTRIBUTION OF COMMUNITY REHABILITATION PROGRAM CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Community Rehabilitation Program Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	-	0.0%	-	0.0%	-
\$5,000 - <10,000	246,380	<5	0.0%	410	1.4%	-
\$10,000 - <15,000	203,140	-	0.0%	-	0.0%	-
\$15,000 - <20,000	189,710	-	0.0%	-	0.0%	-
\$20,000 - <25,000	178,960	-	0.0%	-	0.0%	-
\$25,000 - <30,000	170,850	-	0.0%	-	0.0%	-
\$30,000 - <40,000	295,880	-	0.0%	-	0.0%	-
\$40,000 - <50,000	227,050	<5	0.0%	50	0.2%	-
\$50,000 - <70,000	323,180	<5	0.0%	90	0.3%	-
\$70,000 - <100,000	306,970	<5	0.0%	1,040	3.5%	-
\$100,000 - <200,000	284,930	10	0.0%	940	3.1%	90
\$200,000 - <500,000	60,890	40	0.1%	11,930	39.9%	300
\$500,000 - <1,000,000	10,430	20	0.2%	3,140	10.5%	160
\$1,000,000 and over	5,010	30	0.6%	12,290	41.1%	410
TOTAL	2,993,520	100	0.0%	29,900	100.0%	300

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The manufacturing portion of the manufacturing and agriculture credit (see Table 8J) was used by 5,610 tax filers at a cost of \$88 million. The average credit was \$15,660. Filers with incomes of \$1,000,000 or more accounted for 76% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8J  
DISTRIBUTION OF THE MANUFACTURING CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers	Used Manufacturing Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	-	0.0%	-	0.0%	-
\$0 - <5,000	439,390	80	0.0%	14,480	0.0%	180
\$5,000 - <10,000	246,380	60	0.0%	13,370	0.0%	220
\$10,000 - <15,000	203,140	30	0.0%	14,150	0.0%	470
\$15,000 - <20,000	189,710	50	0.0%	26,350	0.0%	530
\$20,000 - <25,000	178,960	50	0.0%	34,480	0.0%	690
\$25,000 - <30,000	170,850	60	0.0%	29,450	0.0%	490
\$30,000 - <40,000	295,880	120	0.0%	81,000	0.1%	680
\$40,000 - <50,000	227,050	140	0.1%	171,330	0.2%	1,220
\$50,000 - <70,000	323,180	230	0.1%	218,320	0.2%	950
\$70,000 - <100,000	306,970	400	0.1%	567,760	0.6%	1,420
\$100,000 - <200,000	284,930	1,070	0.4%	2,207,370	2.5%	2,060
\$200,000 - <500,000	60,890	1,420	2.3%	7,477,740	8.5%	5,270
\$500,000 - <1,000,000	10,430	860	8.2%	10,688,110	12.2%	12,430
\$1,000,000 and over	5,010	1,050	21.0%	66,290,620	75.5%	63,130
<b>TOTAL</b>	<b>2,993,520</b>	<b>5,610</b>	<b>0.2%</b>	<b>87,834,510</b>	<b>100.0%</b>	<b>15,660</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The agriculture portion of the manufacturing and agriculture credit (see Table 8K) was used by 6,190 tax filers at a cost of \$17 million. The average credit was \$2,670. Filers with incomes of \$100,000 or more accounted for 69% of the credit amount. The credit is also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8K  
DISTRIBUTION OF THE AGRICULTURE CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers		Used Agriculture Credit			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	<5	0.0%	160	0.0%	-
\$0 - <5,000	439,390	10	0.0%	5,510	0.0%	550
\$5,000 - <10,000	246,380	10	0.0%	3,560	0.0%	360
\$10,000 - <15,000	203,140	70	0.0%	5,220	0.0%	70
\$15,000 - <20,000	189,710	130	0.1%	30,590	0.2%	240
\$20,000 - <25,000	178,960	150	0.1%	47,240	0.3%	310
\$25,000 - <30,000	170,850	230	0.1%	78,230	0.5%	340
\$30,000 - <40,000	295,880	680	0.2%	357,770	2.2%	530
\$40,000 - <50,000	227,050	690	0.3%	595,240	3.6%	860
\$50,000 - <70,000	323,180	1,210	0.4%	1,627,300	9.9%	1,340
\$70,000 - <100,000	306,970	1,240	0.4%	2,388,760	14.5%	1,930
\$100,000 - <200,000	284,930	1,200	0.4%	3,988,030	24.2%	3,320
\$200,000 - <500,000	60,890	420	0.7%	3,001,860	18.2%	7,150
\$500,000 - <1,000,000	10,430	90	0.9%	1,635,550	9.9%	18,170
\$1,000,000 and over	5,010	80	1.6%	2,740,520	16.6%	34,260
<b>TOTAL</b>	<b>2,993,520</b>	<b>6,190</b>	<b>0.2%</b>	<b>16,505,550</b>	<b>100.0%</b>	<b>2,670</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The research credits (see Table 8L) were used by 2,120 tax filers at a cost of \$13 million. The average credit was \$6,100. Filers with incomes of \$500,000 or more accounted for 86% of the credit amounts. The credits were also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8L  
DISTRIBUTION OF THE RESEARCH CREDIT BY WAGI CLASS FOR TAX YEAR 2014**

WAGI Class	Tax filers		Used Research Credit			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	50,750	<5	0.0%	1,480	0.0%	-
\$0 - <5,000	439,390	30	0.0%	2,480	0.0%	80
\$5,000 - <10,000	246,380	20	0.0%	3,270	0.0%	160
\$10,000 - <15,000	203,140	20	0.0%	2,040	0.0%	100
\$15,000 - <20,000	189,710	20	0.0%	7,830	0.1%	390
\$20,000 - <25,000	178,960	10	0.0%	6,320	0.0%	630
\$25,000 - <30,000	170,850	10	0.0%	2,960	0.0%	300
\$30,000 - <40,000	295,880	20	0.0%	23,290	0.2%	1,160
\$40,000 - <50,000	227,050	30	0.0%	12,840	0.1%	430
\$50,000 - <70,000	323,180	50	0.0%	44,160	0.3%	880
\$70,000 - <100,000	306,970	90	0.0%	93,980	0.7%	1,040
\$100,000 - <200,000	284,930	290	0.1%	433,340	3.4%	1,490
\$200,000 - <500,000	60,890	550	0.9%	1,166,140	9.0%	2,120
\$500,000 - <1,000,000	10,430	350	3.4%	1,333,850	10.3%	3,810
\$1,000,000 and over	5,010	640	12.8%	9,796,040	75.8%	15,310
<b>TOTAL</b>	<b>2,993,520</b>	<b>2,120</b>	<b>0.1%</b>	<b>12,930,000</b>	<b>100.0%</b>	<b>6,100</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## REFUNDABLE CREDITS

Wisconsin income tax law allows individuals to claim several refundable credits. These are the [earned income tax credit](#), the [homestead credit](#), the [farmland preservation credit](#), the veterans and surviving spouses property tax credit, the enterprise zone jobs credit, the woody biomass harvesting and processing credit, and the jobs tax credit.

The underlined credits are discussed in greater detail in separate reports which can be found on the Department of Revenue's website. The enterprise zone jobs credit and the woody biomass harvesting and processing credit both have 10 or fewer individual claimants, so they have been excluded. Tables 9A and 9B provide information on the veterans and surviving spouses property tax credit and the jobs tax credit, respectively. For confidentiality purposes, the credit values have been rounded to the nearest ten and particularly small numbers have been suppressed.

The Veterans and Surviving Spouses Property Tax Credit was created in tax year 2005. Eligible veterans and surviving spouses may claim this credit in the amount of the property taxes paid during the year on the claimant's principal dwelling in Wisconsin. As shown in Table 9A, 8,110 tax filers claimed the credit in tax year 2014 at a total cost to the state of \$23.5 million. Seventy five percent of the credit was used by claimants with income below \$40,000. The average credit was \$2,900.

**TABLE 9A  
VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT, BY INCOME CLASS, TAX YEAR 2014**

WAGI Class	Tax filers		VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT			
	Count	Number of Participants		Amount		Aver. Credit (\$)
		Count	as % of filers in income class	(\$)	%	
Less than \$0	50,750	290	0.6%	804,450	3.4%	2,770
\$0 - <5,000	439,390	2,840	0.6%	6,965,860	29.6%	2,450
\$5,000 - <10,000	246,380	730	0.3%	1,946,230	8.3%	2,670
\$10,000 - <15,000	203,140	620	0.3%	1,762,450	7.5%	2,840
\$15,000 - <20,000	189,710	540	0.3%	1,550,110	6.6%	2,870
\$20,000 - <25,000	178,960	450	0.3%	1,333,920	5.7%	2,960
\$25,000 - <30,000	170,850	420	0.2%	1,269,960	5.4%	3,020
\$30,000 - <40,000	295,880	670	0.2%	2,054,940	8.7%	3,070
\$40,000 - <50,000	227,050	460	0.2%	1,500,000	6.4%	3,260
\$50,000 - <70,000	323,180	550	0.2%	2,004,570	8.5%	3,640
\$70,000 - <100,000	306,970	330	0.1%	1,342,790	5.7%	4,070
\$100,000 - <200,000	284,930	170	0.1%	797,400	3.4%	4,690
\$200,000 - <500,000	60,890	20	0.0%	163,620	0.7%	8,180
\$500,000 - <1,000,000	10,430	<5	0.0%	19,490	0.1%	-
\$1,000,000 and over	5,010	<5	0.0%	25,080	0.1%	-
<b>TOTAL</b>	<b>2,993,520</b>	<b>8,110</b>	<b>0.3%</b>	<b>23,540,860</b>	<b>100.0%</b>	<b>2,900</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

In order to claim the jobs tax credit, businesses must be certified by the Wisconsin Economic Development Corporation (WEDC). The WEDC may award jobs tax credits to businesses that are operating or intending to operate in Wisconsin and pursuant to a contract with WEDC. The credit is based on the amount of wages paid to eligible employees in the taxable year, subject to a maximum amount of 10% of such wages, and the costs incurred by the claimant to undertake training activities in the current year. WEDC may award a taxpayer credits over a multi-year period. For tax years 2016 and thereafter, the jobs tax credit has been merged with the nonrefundable economic development credit to create the new business development credit. However, WEDC may still award credits for multi-year contracts initially in effect prior to January 1, 2016. As shown in Table 9B the credit is targeted at a relatively small number of taxpayers. Only 30 individual tax filers claimed the credit in tax year 2014 at a cost to the state of \$1.3 million. The credit was also available to corporations, so the table does not reflect all credit claimants.

**TABLE 9B**  
**JOBS TAX CREDIT, BY INCOME CLASS, TAX YEAR 2014**

WAGI CLASS	TAXFILERS Count	JOBS TAX CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
		Count	as % of filers in income class	(\$)	%	
Less than \$100,000	2,632,260	10	0.0%	1,037,290	81.4%	103,730
\$100,000 and over	361,260	20	0.0%	237,020	18.6%	11,850
<b>TOTAL</b>	<b>2,993,520</b>	<b>30</b>	<b>0.0%</b>	<b>1,274,300</b>	<b>100.0%</b>	<b>42,480</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.



## OTHER ITEMS

### Sales and Use Tax on Out-of-State Purchases

The income tax form provides a line for taxpayers to report any state and local use tax on purchases from out-of-state firms, including online sellers and catalog retailers, on which the sales tax was not charged at the time of purchase. Use taxes are taxes paid by Wisconsin residents to the state of Wisconsin on purchases from out-of-state firms. As seen in Table 10, about 2.3% of filers (68,000) report use tax. Total use tax collected through the income tax return amounted to \$3.6 million, for an average of \$50. The reporting rate increases with income.

**TABLE 10  
USE TAX FOR TAX YEAR 2014**

WAGI Class	Tax filers	Use Tax On Income Tax Form				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average Use Tax (\$)
Less than \$0	50,750	430	0.8%	27,630	0.8%	60
\$0 - <5,000	439,390	2,150	0.5%	76,700	2.1%	40
\$5,000 - <10,000	246,380	2,120	0.9%	68,410	1.9%	30
\$10,000 - <15,000	203,140	2,210	1.1%	74,550	2.1%	30
\$15,000 - <20,000	189,710	2,350	1.2%	80,890	2.3%	30
\$20,000 - <25,000	178,960	2,530	1.4%	99,200	2.8%	40
\$25,000 - <30,000	170,850	2,760	1.6%	103,990	2.9%	40
\$30,000 - <40,000	295,880	5,770	2.0%	239,110	6.7%	40
\$40,000 - <50,000	227,050	5,520	2.4%	232,690	6.5%	40
\$50,000 - <70,000	323,180	9,630	3.0%	418,860	11.7%	40
\$70,000 - <100,000	306,970	11,350	3.7%	512,730	14.3%	50
\$100,000 - <200,000	284,930	14,550	5.1%	820,580	22.9%	60
\$200,000 - <500,000	60,890	4,980	8.2%	418,790	11.7%	80
\$500,000 - 1,000,000	10,430	1,230	11.8%	165,030	4.6%	130
\$1,000,000 and over	5,010	680	13.6%	242,880	6.8%	360
<b>TOTAL</b>	<b>2,993,520</b>	<b>68,260</b>	<b>2.3%</b>	<b>3,582,020</b>	<b>100.0%</b>	<b>50</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## Tax Check-Offs

The Legislature has authorized several charitable causes to collect donations directly from the tax form. In addition to express authorization by the Legislature to appear on the tax form, a check-off must receive over a rolling three year period beginning in 2014 an average annual donation total that exceeds \$50,000.

## Endangered Resources Donation

The individual income tax form allows tax filers to donate money for the preservation and management of threatened and endangered species. The donation either reduces the taxpayer's refund or increases tax due. As shown in Table 11A, in tax year 2014, 12,700 filers donated a total of about \$246,000 or an average of \$20 for every donor. The average ranged from \$10 for incomes below \$10,000 to \$320 at incomes above \$1,000,000. The participation rate was highest for the \$100,000 - \$200,000 income range.

**TABLE 11A  
ENDANGERED RESOURCES DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers	Endangered Resources Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	70	0.1%	1,010	0.4%	14
\$0 - <5,000	439,390	450	0.1%	3,770	1.5%	8
\$5,000 - <10,000	246,380	530	0.2%	5,230	2.1%	10
\$10,000 - <15,000	203,140	590	0.3%	6,720	2.7%	11
\$15,000 - <20,000	189,710	660	0.3%	9,050	3.7%	14
\$20,000 - <25,000	178,960	710	0.4%	9,990	4.1%	14
\$25,000 - <30,000	170,850	660	0.4%	9,000	3.7%	14
\$30,000 - <40,000	295,880	1,340	0.5%	20,130	8.2%	15
\$40,000 - <50,000	227,050	1,220	0.5%	21,760	8.8%	18
\$50,000 - <70,000	323,180	1,820	0.6%	32,180	13.1%	18
\$70,000 - <100,000	306,970	1,960	0.6%	40,130	16.3%	20
\$100,000 - <200,000	284,930	2,210	0.8%	52,400	21.3%	24
\$200,000 - <500,000	60,890	410	0.7%	29,070	11.8%	71
\$500,000 - 1,000,000	10,430	40	0.4%	2,040	0.8%	46
\$1,000,000 and over	5,010	10	0.2%	3,840	1.6%	320
TOTAL	2,993,520	12,680	0.4%	246,310	100.0%	19

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Packers Football Stadium Donation

This donation, first available in tax year 2001, allows the taxpayer to make a donation towards the renovation of the Packers' football stadium in Green Bay. For tax year 2014, 4,400 filers gave a total of about \$37,000, for an average of \$8. Donors with income below \$100,000 gave \$8 on average, while donors with income \$100,000 or more donated \$11 on average. The check-off is not available beginning in 2015 because the funding requirement has been met.

**TABLE 11B  
PACKERS FOOTBALL STADIUM DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers		Packers Stadium Donation			
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	20	0.0%	170	0.5%	9
\$0 - <5,000	439,390	200	0.0%	1,820	4.9%	9
\$5,000 - <10,000	246,380	260	0.1%	1,570	4.3%	6
\$10,000 - <15,000	203,140	300	0.1%	2,660	7.2%	9
\$15,000 - <20,000	189,710	270	0.1%	1,970	5.3%	7
\$20,000 - <25,000	178,960	310	0.2%	2,470	6.7%	8
\$25,000 - <30,000	170,850	290	0.2%	2,080	5.6%	7
\$30,000 - <40,000	295,880	560	0.2%	4,490	12.2%	8
\$40,000 - <50,000	227,050	380	0.2%	3,790	10.3%	10
\$50,000 - <70,000	323,180	570	0.2%	3,960	10.7%	7
\$70,000 - <100,000	306,970	530	0.2%	3,960	10.7%	8
\$100,000 - <200,000	284,930	600	0.2%	5,120	13.9%	9
\$200,000 - <500,000	60,890	120	0.2%	1,880	5.1%	15
\$500,000 - <1,000,000	10,430	20	0.2%	790	2.2%	36
\$1,000,000 and over	5,010	10	0.2%	150	0.4%	25
<b>TOTAL</b>	<b>2,993,520</b>	<b>4,440</b>	<b>0.1%</b>	<b>36,870</b>	<b>100.0%</b>	<b>8</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Cancer Research Donation

This donation allows taxpayers to make a donation towards cancer research. The donation either reduces a taxpayer's refund, or adds to tax due. As Table 11C reports, approximately 8,400 filers gave a total of \$130,000 for an average of \$15. Donors with income below \$100,000 gave \$14 on average, while donors with income \$100,000 or more donated \$24 on average.

**TABLE 11C  
CANCER RESEARCH DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers	Cancer Research Donation				Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	50,750	50	0.1%	910	0.7%	20
\$0 - <5,000	439,390	340	0.1%	3,410	2.6%	10
\$5,000 - <10,000	246,380	480	0.2%	5,030	3.9%	10
\$10,000 - <15,000	203,140	520	0.3%	6,050	4.7%	12
\$15,000 - <20,000	189,710	570	0.3%	6,450	5.0%	11
\$20,000 - <25,000	178,960	590	0.3%	7,020	5.4%	12
\$25,000 - <30,000	170,850	530	0.3%	7,420	5.7%	14
\$30,000 - <40,000	295,880	930	0.3%	12,360	9.5%	13
\$40,000 - <50,000	227,050	740	0.3%	11,120	8.6%	15
\$50,000 - <70,000	323,180	1,080	0.3%	15,110	11.7%	14
\$70,000 - <100,000	306,970	1,070	0.3%	19,140	14.8%	18
\$100,000 - <200,000	284,930	1,250	0.4%	23,890	18.4%	19
\$200,000 - <500,000	60,890	210	0.3%	8,890	6.9%	43
\$500,000 - <1,000,000	10,430	30	0.3%	1,220	0.9%	41
\$1,000,000 and over	5,010	10	0.2%	1,520	1.2%	169
<b>TOTAL</b>	<b>2,993,520</b>	<b>8,370</b>	<b>0.3%</b>	<b>129,520</b>	<b>100.0%</b>	<b>15</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Veterans Trust Fund Donation

This donation was first available in tax year 2005 and allows taxpayers to make donations towards the Veterans Trust Fund. A donation either reduces a taxpayer's refund, or adds to tax due. There were 6,100 filers who gave a total of \$92,000 for an average of \$15 per return (See Table 15). Donors with income above \$200,000 donated the most on average at about \$81 per return. Filers with income of less than \$200,000 had average donations of about \$13.

**TABLE 11D  
VETERANS TRUST FUND DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers	Veterans Trust Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	50	0.1%	870	0.9%	19
\$0 - <5,000	439,390	220	0.0%	2,160	2.3%	10
\$5,000 - <10,000	246,380	310	0.1%	3,030	3.3%	10
\$10,000 - <15,000	203,140	360	0.2%	4,210	4.6%	12
\$15,000 - <20,000	189,710	380	0.2%	4,640	5.0%	12
\$20,000 - <25,000	178,960	360	0.2%	3,430	3.7%	9
\$25,000 - <30,000	170,850	380	0.2%	4,350	4.7%	11
\$30,000 - <40,000	295,880	720	0.2%	8,380	9.1%	12
\$40,000 - <50,000	227,050	590	0.3%	8,070	8.8%	14
\$50,000 - <70,000	323,180	840	0.3%	11,050	12.0%	13
\$70,000 - <100,000	306,970	800	0.3%	11,980	13.0%	15
\$100,000 - <200,000	284,930	910	0.3%	13,770	14.9%	15
\$200,000 - <500,000	60,890	180	0.3%	14,260	15.5%	81
\$500,000 - <1,000,000	10,430	20	0.2%	670	0.7%	33
\$1,000,000 and over	5,010	10	0.2%	1,260	1.4%	158
<b>TOTAL</b>	<b>2,993,520</b>	<b>6,120</b>	<b>0.2%</b>	<b>92,110</b>	<b>100.0%</b>	<b>15</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Multiple Sclerosis Research Donation

This donation was new for tax year 2006 and allows taxpayers to make donations towards multiple sclerosis research. A donation either reduces a taxpayer's refund, or adds to tax due. As Table 11E reports, there were 4,900 filers who gave a total of \$75,000 for an average of \$15 per return. Donors with income above \$50,000 donated the most on average at about \$18 per return. Filers with income of less than \$50,000 had average donations of about \$12.

**TABLE 11E  
MULTIPLE SCLEROSIS RESEARCH DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers	Multiple Sclerosis Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	20	0.0%	520	0.7%	21
\$0 - <5,000	439,390	180	0.0%	1,820	2.4%	10
\$5,000 - <10,000	246,380	240	0.1%	2,080	2.8%	9
\$10,000 - <15,000	203,140	270	0.1%	2,140	2.8%	8
\$15,000 - <20,000	189,710	280	0.1%	2,930	3.9%	10
\$20,000 - <25,000	178,960	340	0.2%	4,380	5.8%	13
\$25,000 - <30,000	170,850	290	0.2%	3,960	5.3%	14
\$30,000 - <40,000	295,880	540	0.2%	7,420	9.9%	14
\$40,000 - <50,000	227,050	470	0.2%	6,420	8.5%	14
\$50,000 - <70,000	323,180	680	0.2%	9,910	13.2%	15
\$70,000 - <100,000	306,970	630	0.2%	10,170	13.5%	16
\$100,000 - <200,000	284,930	780	0.3%	14,860	19.8%	19
\$200,000 - <500,000	60,890	140	0.2%	4,520	6.0%	32
\$500,000 - <1,000,000	10,430	20	0.2%	1,500	2.0%	62
\$1,000,000 and over	5,010	<5	0.0%	2,580	3.4%	-
<b>TOTAL</b>	<b>2,993,520</b>	<b>4,880</b>	<b>0.2%</b>	<b>75,180</b>	<b>100.0%</b>	<b>15</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## Firefighters Memorial Donation

This donation was new for tax year 2006 and allows taxpayers to make donations towards the Firefighters Memorial. A donation either reduces a taxpayer's refund, or adds to tax due. There were 3,400 filers who gave a total of \$31,000 for an average of \$9 per return (See Table 11F). Donors with income above \$50,000 donated the most on average at about \$11 per return. Filers with income of less than \$50,000 had average donations of about \$7. The check-off is not available beginning in 2015 because it did not meet the statutory minimum threshold for donations.

**TABLE 11F  
FIREFIGHTERS MEMORIAL DONATION FOR TAX YEAR 2014**

WAGI Class	Tax filers	Firefighters Memorial Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	20	0.0%	440	1.4%	23
\$0 - <5,000	439,390	130	0.0%	870	2.8%	7
\$5,000 - <10,000	246,380	180	0.1%	1,120	3.6%	6
\$10,000 - <15,000	203,140	220	0.1%	1,740	5.6%	8
\$15,000 - <20,000	189,710	220	0.1%	1,400	4.5%	6
\$20,000 - <25,000	178,960	210	0.1%	1,400	4.5%	7
\$25,000 - <30,000	170,850	200	0.1%	1,350	4.3%	7
\$30,000 - <40,000	295,880	390	0.1%	2,810	9.0%	7
\$40,000 - <50,000	227,050	300	0.1%	2,760	8.9%	9
\$50,000 - <70,000	323,180	430	0.1%	3,910	12.5%	9
\$70,000 - <100,000	306,970	470	0.2%	4,620	14.8%	10
\$100,000 - <200,000	284,930	560	0.2%	6,160	19.8%	11
\$200,000 - <500,000	60,890	90	0.2%	2,050	6.6%	22
\$500,000 - <1,000,000	10,430	10	0.1%	260	0.8%	19
\$1,000,000 and over	5,010	<5	0.0%	260	0.8%	-
<b>TOTAL</b>	<b>2,993,520</b>	<b>3,440</b>	<b>0.1%</b>	<b>31,150</b>	<b>100.0%</b>	<b>9</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Military Family Relief Fund

This donation was new for tax year 2009 and allows taxpayers to make donations towards a military family fund. A donation either reduces a taxpayer's refund, or adds to tax due. There were 7,000 filers who gave a total of \$113,000 for an average of \$16 per return (See Table 11G). Donors with income above \$200,000 donated the most on average at about \$73 per return. Filers with income of less than \$200,000 had average donations of about \$14.

**TABLE 11G**  
**MILITARY FAMILY RELIEF FUND DONATION, BY INCOME CLASS, TAX YEAR 2014**

WAGI Class	Tax filers	Military Family Relief Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	40	0.1%	930	0.8%	22
\$0 - <5,000	439,390	240	0.1%	2,390	2.1%	10
\$5,000 - <10,000	246,380	340	0.1%	3,420	3.0%	10
\$10,000 - <15,000	203,140	420	0.2%	4,830	4.3%	12
\$15,000 - <20,000	189,710	430	0.2%	4,770	4.2%	11
\$20,000 - <25,000	178,960	440	0.2%	5,490	4.9%	12
\$25,000 - <30,000	170,850	450	0.3%	6,350	5.6%	14
\$30,000 - <40,000	295,880	770	0.3%	10,100	9.0%	13
\$40,000 - <50,000	227,050	670	0.3%	9,070	8.0%	13
\$50,000 - <70,000	323,180	940	0.3%	12,770	11.3%	14
\$70,000 - <100,000	306,970	920	0.3%	13,600	12.1%	15
\$100,000 - <200,000	284,930	1,070	0.4%	20,870	18.5%	19
\$200,000 - <500,000	60,890	210	0.3%	13,780	12.2%	66
\$500,000 - <1,000,000	10,430	30	0.2%	870	0.8%	35
\$1,000,000 and over	5,010	10	0.2%	3,590	3.2%	326
<b>TOTAL</b>	<b>2,993,520</b>	<b>6,980</b>	<b>0.2%</b>	<b>112,810</b>	<b>100.0%</b>	<b>16</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.



## Second Harvest Food Bank

This donation was new for tax year 2009 and allows taxpayers to make donations towards the Second Harvest Food Banks that are members of Feeding America. A donation either reduces a taxpayer's refund, or adds to tax due. There were 7,400 filers who gave a total of \$133,000 for an average of \$18 per return (See Table 11H). Donors with income above \$200,000 donated the most on average at about \$57 per return. Filers with income of less than \$200,000 had average donations of about \$16.

**TABLE 11H  
SECOND HARVEST FOOD BANK DONATION, BY INCOME CLASS, TAX YEAR 2014**

WAGI Class	Tax filers	Second Harvest Food Bank Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	50	0.1%	620	0.5%	13
\$0 - <5,000	439,390	290	0.1%	3,120	2.3%	11
\$5,000 - <10,000	246,380	370	0.2%	4,400	3.3%	12
\$10,000 - <15,000	203,140	400	0.2%	4,780	3.6%	12
\$15,000 - <20,000	189,710	460	0.2%	5,640	4.2%	12
\$20,000 - <25,000	178,960	440	0.2%	6,900	5.2%	16
\$25,000 - <30,000	170,850	460	0.3%	6,320	4.7%	14
\$30,000 - <40,000	295,880	850	0.3%	11,550	8.7%	14
\$40,000 - <50,000	227,050	690	0.3%	10,980	8.2%	16
\$50,000 - <70,000	323,180	1,010	0.3%	16,840	12.6%	17
\$70,000 - <100,000	306,970	990	0.3%	18,830	14.1%	19
\$100,000 - <200,000	284,930	1,160	0.4%	27,760	20.8%	24
\$200,000 - <500,000	60,890	230	0.4%	10,270	7.7%	45
\$500,000 - <1,000,000	10,430	30	0.2%	890	0.7%	35
\$1,000,000 and over	5,010	10	0.2%	4,330	3.2%	393
<b>TOTAL</b>	<b>2,993,520</b>	<b>7,430</b>	<b>0.2%</b>	<b>133,230</b>	<b>100.0%</b>	<b>18</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Red Cross Disaster Relief

This donation was new for tax year 2011 and allows taxpayers to make donations towards the American Red Cross Wisconsin Disaster Relief Fund. A donation either reduces a taxpayer's refund, or adds to tax due. There were 6,000 filers who gave a total of \$82,000 for an average of \$14 per return (See Table 111). Donors with income above \$200,000 donated the most on average at about \$31 per return. Filers with income of less than \$200,000 had average donations of about \$13.

**TABLE 111  
RED CROSS DONATION, BY INCOME CLASS, TAX YEAR 2014**

WAGI Class	Tax filers		Red Cross Donation			
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	30	0.1%	360	0.4%	12
\$0 - <5,000	439,390	210	0.0%	1,890	2.3%	9
\$5,000 - <10,000	246,380	310	0.1%	3,430	4.2%	11
\$10,000 - <15,000	203,140	340	0.2%	3,220	3.9%	9
\$15,000 - <20,000	189,710	370	0.2%	3,260	4.0%	9
\$20,000 - <25,000	178,960	370	0.2%	4,480	5.5%	12
\$25,000 - <30,000	170,850	380	0.2%	4,440	5.4%	12
\$30,000 - <40,000	295,880	710	0.2%	8,560	10.4%	12
\$40,000 - <50,000	227,050	560	0.2%	7,800	9.5%	14
\$50,000 - <70,000	323,180	790	0.2%	10,280	12.5%	13
\$70,000 - <100,000	306,970	760	0.2%	10,840	13.2%	14
\$100,000 - <200,000	284,930	920	0.3%	16,640	20.3%	18
\$200,000 - <500,000	60,890	190	0.3%	5,370	6.6%	29
\$500,000 - <1,000,000	10,430	20	0.2%	570	0.7%	29
\$1,000,000 and over	5,010	10	0.2%	880	1.1%	146
<b>TOTAL</b>	<b>2,993,520</b>	<b>5,970</b>	<b>0.2%</b>	<b>81,990</b>	<b>100.0%</b>	<b>14</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## Special Olympics

This donation was new for tax year 2012 and allows taxpayers to make donations towards the Special Olympics Wisconsin, Inc. A donation either reduces a taxpayer's refund, or adds to tax due. There were 5,600 filers who gave a total of \$78,000 for an average of \$14 per return (See Table 11J). Donors with income above \$100,000 donated the most on average at about \$24 per return. Filers with income of less than \$100,000 had average donations of about \$12.

**TABLE 11J**  
**SPECIAL OLYMPICS DONATION, BY INCOME CLASS, TAX YEAR 2014**

WAGI Class	Tax filers	Special Olympics Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	50,750	30	0.1%	470	0.6%	15
\$0 - <5,000	439,390	230	0.1%	1,940	2.5%	8
\$5,000 - <10,000	246,380	310	0.1%	2,950	3.8%	10
\$10,000 - <15,000	203,140	340	0.2%	3,120	4.0%	9
\$15,000 - <20,000	189,710	350	0.2%	3,390	4.3%	10
\$20,000 - <25,000	178,960	370	0.2%	3,950	5.1%	11
\$25,000 - <30,000	170,850	330	0.2%	4,160	5.3%	13
\$30,000 - <40,000	295,880	600	0.2%	6,300	8.1%	10
\$40,000 - <50,000	227,050	500	0.2%	6,500	8.3%	13
\$50,000 - <70,000	323,180	700	0.2%	9,280	11.9%	13
\$70,000 - <100,000	306,970	690	0.2%	9,450	12.1%	14
\$100,000 - <200,000	284,930	910	0.3%	14,660	18.8%	16
\$200,000 - <500,000	60,890	170	0.3%	5,750	7.4%	33
\$500,000 - <1,000,000	10,430	30	0.2%	3,250	4.2%	130
\$1,000,000 and over	5,010	10	0.2%	2,860	3.7%	317
<b>TOTAL</b>	<b>2,993,520</b>	<b>5,570</b>	<b>0.2%</b>	<b>78,000</b>	<b>100.0%</b>	<b>14</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## **APPENDIX MAJOR PROVISIONS OF 2014 WISCONSIN INDIVIDUAL INCOME TAX LAW**

### **Wisconsin Adjusted Gross Income**

Wisconsin adjusted gross income (WAGI) is the base for the state individual income tax. It follows closely the base for the federal individual income tax, federal adjusted gross income (FAGI), but is modified by additions and subtractions. Additions account for income exempt from federal tax but subject to state tax and subtractions account for income taxed federally but not by Wisconsin and allow expenses permitted by Wisconsin but not by federal law.

FAGI is equal to gross income after adjustments. Gross income includes all types of income subject to tax, e.g., wages and salaries, net business and farm income (or loss), interest, dividends, rents, retirement income, alimony received, capital gains, unemployment compensation, and a portion of social security benefits.

Adjustments are subtractions from gross income to arrive at FAGI. Examples of adjustments include contributions to Individual Retirement Accounts and self-employed retirement plans, health insurance premiums paid by the self-employed, one-half of the self-employment tax for Social Security and Medicare, a portion of student loan interest, moving expenses, and alimony paid.

Modifications, both additions and subtractions, are then made to FAGI to determine WAGI. Additions to FAGI include income that is exempt from federal tax but is subject to state tax. Major examples include:

- State and municipal bond interest. There is some state and local interest that remains exempt from state taxation (e.g., interest on bonds issued by municipal housing and community development authorities, cultural and sports stadium districts, the Wisconsin Housing and Economic Development Authority, and the governments of Guam, Puerto Rico and the Virgin Islands.)
- Capital losses in excess of \$500 (federal law allows a \$3,000 capital loss deduction but Wisconsin limits the loss to \$500).
- State business credits. Wisconsin treats the amount computed for several business credits as taxable income to the claimant.

Subtractions to FAGI are for income that is taxable for federal purposes but not for state purposes. Examples for tax year 2014 include:

- An exclusion for 30% of capital gains on assets held for more than one year which Wisconsin allows in tax year 2014, but are taxable in full at the federal level.
- Interest on U.S. government bonds, which states are prohibited from taxing.
- Pensions received by persons who were members of or retired from Milwaukee city and county retirement plans, the state teachers' retirement plan and the civil service retirement system prior to January 1, 1964.

- Social Security benefits that are taxable for federal purposes. Up to 85% of social security benefits are subject to federal tax, but Wisconsin does not tax these benefits.
- A portion of unemployment compensation, which is fully taxable for federal purposes but only taxed by Wisconsin when income exceeds \$18,000 for married couples and \$12,000 for most other filers.
- Railroad retirement benefits, railroad unemployment insurance, and sickness benefits, which are taxable under federal law but which states are not permitted to tax.
- State income tax refunds.
- Health insurance premiums not already deducted or exempted from FAGI.
- Premiums paid for long-term care insurance.
- Tuition payments, up to \$6,940 per student, to post-secondary institutions in Wisconsin and to schools in Minnesota covered under Minnesota-Wisconsin tuition reciprocity.
- Contributions to and distributions from the Wisconsin EdVest College Savings Program that are included in FAGI. Subtractions are limited to \$3,050 per beneficiary.
- Adoption expenses of up to \$5,000.

### Standard Deduction

Wisconsin has a sliding scale standard deduction, which means that as WAGI rises, the amount of the standard deduction phases out to zero. Table A1 shows the 2014 standard deduction schedule by filing status. The maximum standard deduction amounts and the phase-out ranges for WAGI are indexed annually for inflation.

**TABLE A1  
STANDARD DEDUCTIONS FOR TAX YEAR 2014**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<14,530	10,080
	14,530 to 98,530	10,080 – 12% (WAGI – 14,530)
	>98,530	0
Head of Household	<14,530	13,020
	14,530 to 42,490	13,020 – 22.515% (WAGI – 14,530)
	>42,490 to 98,530	10,080 – 12% (WAGI – 14,530)
	>98,530	0
Married Filing Jointly	<20,390	18,150
	20,390 to 112,159	18,150 – 19.778% (WAGI – 20,390)
	>112,159	0
Married Filing Separately	<9,690	8,620
	9,690 to 53,274	8,620 – 19.778% (WAGI – 9,690)
	>53,274	0

Source: WI Department of Revenue.

## Personal Exemptions

Personal exemptions are subtracted from WAGI to arrive at taxable income. For tax year 2014, a personal exemption of \$700 is allowed for each taxpayer, spouse, and dependent. An additional \$250 exemption is allowed for each taxpayer or spouse who is 65 years of age or older. Thus, an elderly couple filing jointly has a total of \$1,900 in personal exemptions.

## Taxable Income

Taxable income is determined by subtracting the standard deduction and personal exemptions from Wisconsin adjusted gross income.

## Income Tax Rates and Brackets

Wisconsin has a graduated rate structure where tax rates increase as taxable income increases. Table A2 shows the 2014 tax rate schedule. The brackets for married taxpayers filing separately are approximately half of that for married joint filers. Tax brackets are indexed annually.

**TABLE A2  
INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 2014**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.00	>0 - 10,910	>0 - 14,540	>0 - 7,270
5.84	>10,910 - 21,820	>14,540 - 29,090	>7,270 - 14,540
6.27	>21,820 - 240,190	>29,090 - 320,250	>14,540 - 160,130
7.65	<240,190	<320,250	<160,130

Source: WI Department of Revenue.

## Alternative Minimum Tax

The Wisconsin alternative minimum tax (AMT) is equal to 6.5% of alternative minimum taxable income after allowing exemptions of \$45,000 for individuals that are married filing jointly (\$22,500 if married filing separately and \$33,750 if single). This calculated AMT amount is then compared with the liability under the regular income tax. An AMT is owed only if the calculated amount exceeds the regular tax.

## Nonrefundable Credits

Nonrefundable credits are those credits that are limited to the amount of income tax otherwise due.

- The itemized deductions credit is 5% of the excess of qualified itemized deductions over the sliding scale standard deduction. Expenses qualifying for the credit include mortgage interest on a primary residence located in Wisconsin, charitable contributions, medical expenses in excess of 10% (7.5% for elderly filers) of the taxpayer's FAGI, and certain casualty losses related to a federally declared disaster.
- The school property tax credit is equal to 12% of the first \$2,500 of property taxes or rent constituting property taxes paid on a person's primary residence and contiguous land (maximum credit of \$300.) For renters, the rent equivalent of property tax is 25% of rent if heat is not included and 20% of rent if heat is included.

- The armed forces member tax credit is a credit for full year Wisconsin residents for up to \$300 for military pay received for service while stationed outside the U.S. If both spouses of a married couple filing jointly receive pay for military service outside the U.S., both may claim the \$300 credit.
- The working families' credit is equal to a taxpayer's net tax liability (defined as gross tax less the itemized deduction credit, school property tax credit and historic rehabilitation credit) when income is \$18,000 or less for married couples filing jointly and \$9,000 or less for other tax filers. Essentially, this credit eliminates tax liability when income is below these levels. The credit is phased out over the next \$1,000 of income above these ceilings. The credit is available only to full-year residents, including residents filing jointly with a spouse from another state, and it is not available to persons who are claimed as a dependent on someone else's tax return.
- The married couple credit is available only when both spouses work. The credit is equal to 3% of the first \$16,000 of the earned income of the lower-earning spouse (or a maximum credit of \$480).
- The community rehabilitation program credit is available to persons who enter into a contract with a community rehabilitation program to have the program perform work for the claimant's business. The maximum tax credit that can be claimed is \$25,000 for each community rehabilitation program for which the claimant has a contract. Unused credit amounts can be carried forward up to 15 years to offset future tax liabilities.
- There are two historic rehabilitation credits provided to encourage the rehabilitation of historic buildings in Wisconsin:
  - Supplement to the federal historic rehabilitation credit equal to 20% of qualified rehabilitation expenditures for historic buildings used in a trade or business that qualify for the federal credit and are located in Wisconsin. Unused amounts of the credit can be carried forward 15 years or sold/transferred to another taxpayer.
  - State historic rehabilitation credit, which applies to owner-occupied personal residences and is equal to 25% of qualified expenditures, to rehabilitate certified historic buildings for noncommercial use that are located in Wisconsin. The maximum credit is \$10,000 (\$5,000 for married persons filing separately). Unused amounts of the credit can be carried forward for up to 15 years.
- The manufacturing and agriculture credits are available to businesses engaged in manufacturing and agricultural production activities in Wisconsin. The credits are equal to a percentage of income attributable to qualified production activities that occur within the state. The credit rate is 3.75% in 2014, 5.025% in 2015, and 7.5% beginning in 2016. The credit is nonrefundable, but credit amounts may be carried forward for up to 15 years.
- The research expense credits are available to individuals and pass through entities for increasing research activities in Wisconsin. Qualified research must be undertaken for discovering information that is technological in nature, and its application must be

intended for use in developing a new or improved business component. The credits are nonrefundable, but credit amounts may be carried forward for up to 15 years.

- The development zones credit, the technology zone credit, and the economic development tax credit are certified by the Wisconsin Economic Development Corporation. Unused amounts of the credit can be carried forward for up to 15 years.
- The angel investment credit and early stage seed investment credit are available for investments in qualified new business ventures certified by the Wisconsin Economic Development Corporation. The credits are equal to 25% of the investment.

### **Credit for Taxes Paid to Other States**

Wisconsin residents may reduce their Wisconsin income tax by the amount of income taxes paid to other states or to the District of Columbia. The credit is not allowed if wages are earned in states having reciprocity agreements with Wisconsin. The credit is nonrefundable and may not be carried forward.

### **Refundable Credits**

Refundable credits are credits that can exceed tax liability otherwise due. When that happens, a refund check for the excess is issued to the claimant.

- The Wisconsin earned income tax credit (EITC) is equal to a percentage of the federal EITC, based on the number of children in the household: 4% for one child, 11% for two children, and 34% of the federal credit for 3 or more children. For tax year 2014, the maximum federal credit is 34% of earnings not exceeding \$9,720 for persons with one child, 40% of earnings not exceeding \$13,650 for persons with two children, and 45% of earnings not exceeding \$13,650 for persons with three or more children. These credits are phased out as income rises. The phase-out ranges for FAGI are as follows:
  - One child, the phase-out range for joint filers is \$23,260 - \$43,941, for singles it is \$17,830 - \$38,511.
  - Two children the phase-out range for joint filers is \$23,260 - \$49,186, and for singles it is \$17,830 - \$43,756.
  - Three or more children the phase-out range for joint filers is \$23,260 - \$52,427, and for singles it is \$17,830 - \$46,997.

Thus, the maximum federal credit for tax year 2014 is \$3,305 for one child, \$5,460 for two children, and \$6,143 for three or more children. The maximum state credit is \$132 for one child, \$601 for two children, and \$2,088 for 3 or more children.

- The homestead credit is based on household income and property taxes (or rent equivalent), and is available to low income homeowners and renters (those with household incomes below \$24,680). The maximum amount of property tax that qualifies for the credit is \$1,460. For renters, property tax is assumed to be 20% of rent if heat is included and 25% if heat is not included. The credit is computed as follows:



- If household income is \$8,060 or less, the credit is 80% of property taxes up to \$1,460 (or a maximum credit of \$1,168);
  - If household income is more than \$8,060 but not more than \$24,680, the credit is equal to 80% of the amount by which the property tax exceeds 8.785% of household income in excess of \$8,060;
  - If household income exceeds \$24,680, no homestead credit is allowed.
  - In computing household income, a claimant may deduct \$500 for each dependent living with the claimant.
- The farmland preservation credit is available to owners of farmland covered by a farmland preservation agreement. The credit is a flat payment of \$5, \$7.50, or \$10 per acre of qualifying farmland. To qualify for the credit the farmland must be part of a farm that produces gross profits of at least \$6,000 in the year the credit is claimed or \$18,000 in total for the years the credit is claimed and the two prior years.
  - The veterans and surviving spouses property tax credit was first available in tax year 2005. Eligible veterans and surviving spouses may claim this credit in the amount of property taxes paid during the year on the claimant's principal dwelling in Wisconsin. To be eligible for the credit, veterans must be verified by the Wisconsin Department of Veterans Affairs as having served in the U.S. armed forces, having been a Wisconsin resident at the time of entry into service, currently being a Wisconsin resident for the purpose of veterans benefits, and having a service-connected disability rating of 100% or a 100% disability rating based on individual unemployability. An eligible surviving spouse must be an un-remarried widow of an individual who was a Wisconsin resident at the time of entry into service, was a Wisconsin resident at the time of death, and died while on active duty or would be otherwise considered an eligible veteran at the time of death. Beginning in 2014, eligible surviving spouses also include individuals who receive dependency and indemnity compensation, as defined in 38 USC 101(14).
  - The enterprise zone jobs credit is available to persons doing business in an enterprise zone. The Wisconsin Economic Development Corporation must certify the business as eligible for the credit and determine the amount of credit based on activities in the designated zones, including beginning operations, expanding operations, making capital investments, or retaining jobs.
  - The woody biomass harvesting and processing credit is available based on the amount paid in the year for equipment that is used primarily to harvest or process woody biomass that is used as fuel or as a component of fuel. The Department of Agriculture, Trade, and Consumer Protection must certify eligible taxpayers and allocate the amount of credit.
  - The jobs tax credit must be certified by the Wisconsin Economic Development Corporation, which may award jobs tax credits to businesses that are operating or intending to operate in Wisconsin and pursuant to a contract with the corporation. The credit is based on the amount of wages paid to eligible employees in the taxable year, subject to a maximum amount of 10% of such wages, and the costs incurred by the claimant to undertake training activities in the current year.