

## INDIVIDUAL INCOME TAX STATISTICS REPORT FOR TAX YEAR 2015

This report summarizes data from individual income tax returns for tax year 2015 that were filed by October 15, 2016.

### COMPARISON WITH TAX YEAR 2014 (Table 1)

Taxpayers filed 3.03 million tax returns for tax year 2015, an increase of 1.3% over the 2.99 million returns filed for 2014. In 2015, there were 1.3 million single filers (43.7% of total), and 278,000 head-of-household filers (9.2%). Married joint filers numbered 1.2 million (39.0%) while married separate filers numbered around 25,000 (0.8%). In addition, there were about 222,000 dependent filers (filers who were claimed as dependents on someone else's tax return) (7.3%).

Wisconsin adjusted gross income (WAGI) was \$163.1 billion in tax year 2015, a 3.4% increase from 2014. Total standard deductions equaled \$19.5 billion in tax year 2015, compared to \$19.0 billion for 2014, an increase of 2.9%. Personal exemptions were \$3.263 billion in 2015 compared to \$3.224 billion in 2014, a 1.2% increase. Total income tax liability (before the minimum tax) increased 3.8% to \$7.07 billion and the alternative minimum tax, paid by 34,000 filers, generated \$25.9 million in tax year 2015, an 11.0% increase from tax year 2014. Of the 3.03 million tax returns filed for 2015, 2.14 million, or 70.6%, 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 1.3% to \$1.41 billion in 2015. The four largest nonrefundable credits -- the school property tax credit (\$408.1 million), the credit for taxes paid to other states (\$301.2 million), the married couple credit (\$263.5 million) and the itemized deduction credit (\$256.8 million) -- accounted for 87% 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, and the jobs tax credit.<sup>1</sup> Refundable credits decreased 1.9% from \$243.3 million in 2014 to \$238.7 million in 2015. The largest of these credits was the earned income tax credit at \$99.7 million, followed by the homestead tax credit at \$93.9 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 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 2014 AND 2015**  
**(dollar amounts in millions)**

	Tax Year 2014	Tax Year 2015	Percent Change
Count of Tax Returns	2,993,520	3,033,470	1.3%
Single	1,303,480	1,325,800	1.7%
Dependent filers	213,650	222,060	3.9%
Head of Household	274,420	278,050	1.3%
Married Filing Jointly	1,178,720	1,182,410	0.3%
Married Filing Separately	23,260	25,150	8.1%
Wisconsin Adjusted Gross Income (WAGI)	157,770.00	163,140.00	3.4%
Standard Deduction			
Number of returns	2,420,450	2,465,830	1.9%
Amount	18,961.22	19,501.64	2.9%
Personal Exemptions			
Number of returns	2,187,610	2,239,860	2.4%
Amount	3,224.04	3,262.90	1.2%
Taxable Income			
Number of returns	2,233,180	2,288,430	2.5%
Amount	136,823.84	141,640.14	3.5%
Gross Income Tax (before credits)			
Number of returns	2,226,030	2,280,670	2.5%
Amount	8,206.21	8,481.37	3.4%
Net Income Tax			
Number of returns	2,086,810	2,141,800	2.6%
Amount	6,813.38	7,070.46	3.8%
Alternative Minimum Tax			
Number of returns	29,080	33,620	15.6%
Amount	23.31	25.88	11.0%
Total Tax Liability (Net Tax + Minimum Tax)			
Number of returns	2,087,100	2,142,340	2.6%
Percent of total returns filed	69.7%	70.6%	
Amount	6,836.68	7,096.34	3.8%
Aver. Tax Rate (as % of WAGI)	4.30%	4.30%	1.3%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2014 AND 2015**  
**(dollar amounts in millions)**

	Tax Year 2014	Tax Year 2015	Percent Change
<b>Total Nonrefundable Credits (Used)</b>	<b>1,392.84</b>	<b>1,410.91</b>	<b>1.3%</b>
Itemized Deductions Credit			
Number of returns	619,967	627,576	1.2%
Amount	255.39	256.77	0.5%
Armed Forces Credit			
Number of returns	3,420	3,390	-0.9%
Amount	0.94	0.95	1.1%
School Property Tax/Rent Credit			
Number of returns	1,703,770	1,735,900	1.9%
Amount	401.47	408.05	1.6%
Working Families Credit			
Number of returns	750	730	-2.7%
Amount	0.23	0.22	-4.3%
Married Couple Credit			
Number of returns	654,390	654,000	-0.1%
Amount	260.81	263.49	1.0%
Credit for Taxes Paid to Other States			
Number of returns	76,070	76,940	1.1%
Amount	335.09	301.23	-10.1%
Historic Rehabilitation Credits			
Number of returns	360	280	-22.2%
Amount	2.19	1.68	-23.3%
Development Zone Credit			
Number of returns	70	20	-71.4%
Amount	1.14	0.08	-93.0%
Angel Investment Credit			
Number of returns	580	480	-17.2%
Amount	4.77	5.67	18.9%
Early Stage Seed Investment Credit			
Number of returns	280	290	3.6%
Amount	1.23	1.98	61.0%
Technology Zone Credit			
Number of returns	10	<5	-
Amount	0.09	0.02	-77.8%
Capital Investment Credit			
Number of returns	-	<5	-
Amount	-	0.08	-
Manufacturing Investment Credit			
Number of returns	260	220	-15.4%
Amount	0.67	0.39	-41.8%
Economic Development Tax Credit			
Number of returns	610	480	-21.3%
Amount	5.41	4.11	-24.0%
Community Rehabilitation Program Credit			
Number of returns	100	130	30.0%
Amount	0.03	0.06	100.0%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2014 AND 2015**  
**(dollar amounts in millions)**

	Tax Year 2014	Tax Year 2015	Percent Change
Manufacturing Credit <sup>2</sup>			
Number of returns	5,610	6,080	8.4%
Amount	87.83	132.80	51.2%
Agriculture Credit			
Number of returns	6,190	5,310	-14.2%
Amount	16.51	15.84	-4.1%
Research Expense Credits			
Number of returns	2,120	2,700	27.4%
Amount	12.93	13.99	8.2%
<b>Refundable Credits</b>	<b>243.28</b>	<b>238.73</b>	<b>-1.9%</b>
Earned Income Credit			
Number of returns	252,920	252,900	0.0%
Amount	99.55	99.72	0.2%
Homestead Credit			
Number of returns	193,580	183,530	-5.2%
Amount	99.92	93.87	-6.1%
Farmland Preservation Credit			
Number of returns	13,550	13,280	-2.0%
Amount	18.11	18.02	-0.5%
Veterans Property Tax Credit			
Number of returns	8,110	8,730	7.6%
Amount	23.54	25.32	7.6%
Enterprise Zone Jobs Credit			
Number of returns	<5	23	-
Amount	0.87	0.09	-89.7%
Jobs Tax Credit			
Number of returns	30	60	100.0%
Amount	1.27	1.71	34.6%

<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 2014, the credit was equal to 3.75% of qualifying income and in 2015 it was equal to 5.025% of qualifying income.

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2014 AND 2015**  
**(dollar amounts in millions)**

	Tax Year 2014	Tax Year 2015	Percent Change
<b>Other</b>			
<b>Use Tax</b>			
Number of returns	68,260	61,700	-9.6%
Amount	3.58	3.40	-5.0%
<b>Endangered Resources Donation</b>			
Number of returns	12,680	12,850	1.3%
Amount	0.25	0.25	2.4%
<b>Packers Football Stadium Donation</b>			
Number of returns	4,440	NA	-
Amount	0.04	NA	-
<b>Cancer Research Donation</b>			
Number of returns	8,370	9,060	8.2%
Amount	0.13	0.15	17.7%
<b>Veterans Trust Fund Donation</b>			
Number of returns	6,120	7,060	15.4%
Amount	0.09	0.11	20.7%
<b>Multiple Sclerosis Donation</b>			
Number of returns	4,880	5,120	4.9%
Amount	0.08	0.07	-5.3%
<b>Firefighters Memorial Donation</b>			
Number of returns	3,440	NA	-
Amount	0.03	NA	-
<b>Military Family Relief Fund</b>			
Number of returns	6,980	7,190	3.0%
Amount	0.11	0.12	5.3%
<b>Second Harvest Food Bank</b>			
Number of returns	7,430	7,840	5.5%
Amount	0.13	0.14	7.5%
<b>Red Cross Donation</b>			
Number of returns	5,970	6,390	7.0%
Amount	0.08	0.09	4.9%
<b>Special Olympics Donation</b>			
Number of returns	5,570	6,300	13.1%
Amount	0.08	0.09	14.1%

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 2015 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 2015. The tables show the following:

- About 48.5% of tax filers had WAGI less than \$30,000, but they accounted for only 9.8% of total WAGI and 3.0% of net tax.
- At the other end of the income scale, the 0.55% of tax filers with WAGI in excess of \$500,000 received 13.4% of total WAGI and paid 17.8% of net tax. Tax filers with WAGI between \$100,000 and \$500,000 accounted for 12.1% of all filers, 36.0% of total WAGI, and 42.6% of net tax.
- The \$30,000 – \$50,000 income class accounted for roughly 17.7% of filers, 12.9% of total WAGI, and 9.3% of net tax.
- Those in the \$50,000 – \$100,000 income class were 21.1% of all filers, 27.9% of total WAGI, and 27.3% 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 15% 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 2015**

WAGI Class	All Tax Filers		Wis. Adjusted Gross Income (WAGI)		
	Count	%	Total Amount (\$)	%	Average (\$)
Less than \$0	51,950	1.7%	(1,260,297,360)	-0.8%	(24,260)
\$0 - <5,000	422,670	13.9	676,329,130	0.4	1,600
\$5,000 - <10,000	246,100	8.1	1,824,389,200	1.1	7,410
\$10,000 - <15,000	203,050	6.7	2,527,886,030	1.5	12,450
\$15,000 - <20,000	190,360	6.3	3,325,568,300	2.0	17,470
\$20,000 - <25,000	181,500	6.0	4,083,009,390	2.5	22,500
\$25,000 - <30,000	174,430	5.8	4,793,056,760	2.9	27,480
\$30,000 - <40,000	304,930	10.1	10,617,960,810	6.5	34,820
\$40,000 - <50,000	233,210	7.7	10,439,593,230	6.4	44,770
\$50,000 - <70,000	328,710	10.8	19,501,199,480	12.0	59,330
\$70,000 - <100,000	311,510	10.3	26,047,446,550	16.0	83,620
\$100,000 - <200,000	302,620	10.0	39,963,054,900	24.5	132,060
\$200,000 - <500,000	65,720	2.2	18,766,393,970	11.5	285,530
\$500,000 - 1,000,000	11,460	0.4	7,737,360,390	4.7	675,040
\$1,000,000 and over	5,240	0.2	14,101,430,170	8.6	2,689,060
<b>TOTAL</b>	<b>3,033,470</b>	<b>100.0%</b>	<b>163,144,380,930</b>	<b>100.0%</b>	<b>53,780</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 2015**

WAGI CLASS	Filers with Net Tax		Net Income Tax*			Net Income Tax Rate**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	20	0.0%	(12,300)	0.0%	(560)	0.0%
\$0 - <5,000	42,920	2.0	3,605,960	0.1	80	0.5
\$5,000 - <10,000	29,970	1.4	6,795,150	0.1	230	0.4
\$10,000 - <15,000	85,840	4.0	12,807,250	0.2	150	0.5
\$15,000 - <20,000	129,260	6.0	30,921,730	0.4	240	0.9
\$20,000 - <25,000	150,290	7.0	60,526,530	0.9	400	1.5
\$25,000 - <30,000	159,320	7.4	98,630,690	1.4	620	2.1
\$30,000 - <40,000	296,910	13.9	296,213,770	4.2	1,000	2.8
\$40,000 - <50,000	230,190	10.7	359,961,980	5.1	1,560	3.4
\$50,000 - <70,000	325,610	15.2	770,982,550	10.9	2,370	4.0
\$70,000 - <100,000	309,650	14.5	1,162,941,860	16.4	3,760	4.5
\$100,000 - <200,000	300,430	14.0	1,976,796,860	28.0	6,580	4.9
\$200,000 - <500,000	65,070	3.0	1,026,608,910	14.5	15,780	5.5
\$500,000 - 1,000,000	11,240	0.5	473,317,690	6.7	42,100	6.1
\$1,000,000 and over	5,090	0.2	790,360,970	11.2	155,160	5.6
<b>TOTAL</b>	<b>2,141,800</b>	<b>100.0%</b>	<b>7,070,459,590</b>	<b>100.0%</b>	<b>3,300</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 2015**

WAGI Class	Filers with Minimum Tax		Minimum Tax		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	180	0.5%	269,710	1.0%	1,470
\$0 - <5,000	2,790	8.3	1,299,250	5.0	470
\$5,000 - <10,000	700	2.1	425,510	1.6	610
\$10,000 - <15,000	390	1.2	219,510	0.8	560
\$15,000 - <20,000	260	0.8	545,740	2.1	2,120
\$20,000 - <25,000	200	0.6	183,830	0.7	900
\$25,000 - <30,000	180	0.5	188,810	0.7	1,050
\$30,000 - <40,000	270	0.8	309,390	1.2	1,160
\$40,000 - <50,000	220	0.7	249,590	1.0	1,130
\$50,000 - <70,000	310	0.9	402,230	1.6	1,310
\$70,000 - <100,000	310	0.9	499,710	1.9	1,630
\$100,000 - <200,000	1,580	4.7	1,499,650	5.8	950
\$200,000 - <500,000	25,990	77.3	18,158,790	70.2	700
\$500,000 - 1,000,000	200	0.6	716,850	2.8	3,600
\$1,000,000 and over	50	0.1	907,130	3.5	20,160
<b>TOTAL</b>	<b>33,620</b>	<b>100.0%</b>	<b>25,875,690</b>	<b>100.0%</b>	<b>770</b>

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

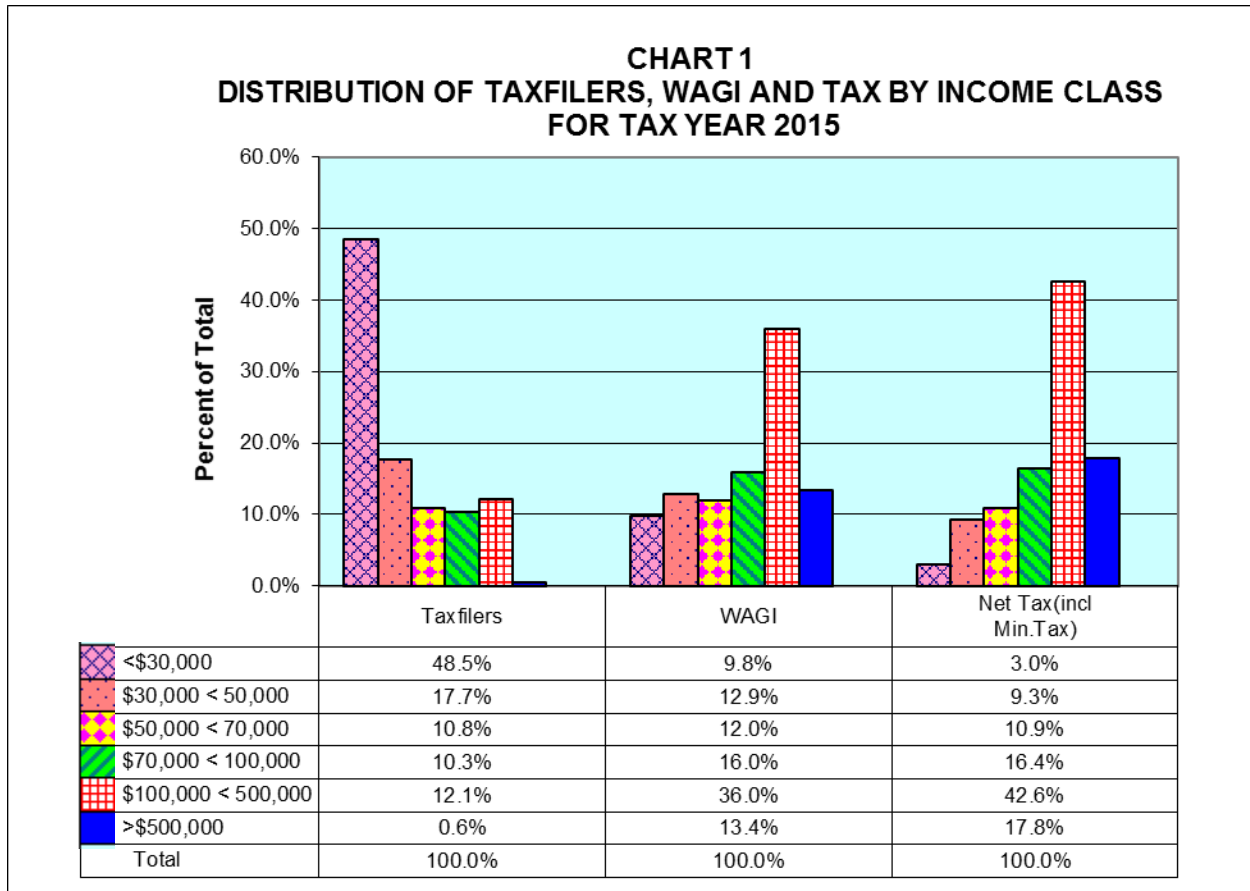
**TABLE 2D**  
**DISTRIBUTION OF TAX FILERS AND TOTAL NET TAX LIABILITY BY WAGI CLASS, TAX YEAR 2015**

WAGI Class	Tax filers with Net + Minimum Tax		Total Net Tax Liability (Net + Minimum Tax)			Average Tax Rate (%)**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	180	0.0%	257,410	0.0%	1,440	0.0%
\$0 - <5,000	43,690	2.0	4,905,200	0.1	110	0.7
\$5,000 - <10,000	30,020	1.4	7,220,660	0.1	240	0.4
\$10,000 - <15,000	85,870	4.0	13,026,760	0.2	150	0.5
\$15,000 - <20,000	129,280	6.0	31,467,470	0.4	240	0.9
\$20,000 - <25,000	150,280	7.0	60,710,350	0.9	400	1.5
\$25,000 - <30,000	159,310	7.4	98,819,510	1.4	620	2.1
\$30,000 - <40,000	296,900	13.9	296,523,160	4.2	1,000	2.8
\$40,000 - <50,000	230,190	10.7	360,211,570	5.1	1,560	3.5
\$50,000 - <70,000	325,600	15.2	771,384,780	10.9	2,370	4.0
\$70,000 - <100,000	309,640	14.5	1,163,441,570	16.4	3,760	4.5
\$100,000 - <200,000	300,400	14.0	1,978,296,510	27.9	6,590	5.0
\$200,000 - <500,000	64,640	3.0	1,044,767,700	14.7	16,160	5.6
\$500,000 - 1,000,000	11,240	0.5	474,034,540	6.7	42,190	6.1
\$1,000,000 and over	5,090	0.2	791,268,090	11.2	155,460	5.6
<b>TOTAL</b>	<b>2,142,340</b>	<b>100.0%</b>	<b>7,096,335,280</b>	<b>100.0%</b>	<b>3,310</b>	<b>4.35%</b>

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

\*\*Tax as % of WAGI.





### 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 2015. They were responsible for 68% of total WAGI and 72% 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 23% 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 2015**

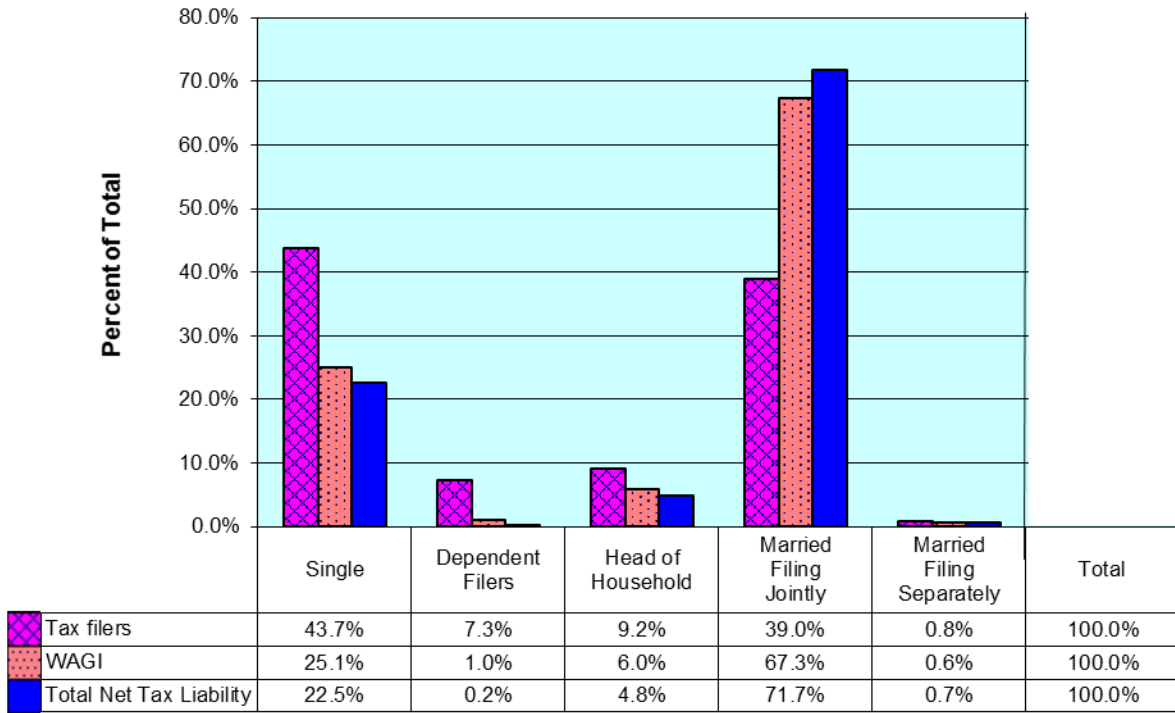
Filing Status	Tax filers		Wisconsin Adjusted Gross Income (WAGI)			Total Net Tax Liability*		Average Tax Rate** (%)
	Count	%	Total (\$ million)	%	Average (\$)	Total (\$ million)	%	
Single	1,325,800	43.7%	40,979.8	25.1%	30,910	1,598.7	22.5%	3.9%
Dependent Filers	222,060	7.3%	1,564.6	1.0%	7,050	14.3	0.2%	0.9%
Head of Household	278,050	9.2%	9,725.0	6.0%	34,980	342.7	4.8%	3.5%
Married Filing Jointly	1,182,410	39.0%	109,869.7	67.3%	92,920	5,091.3	71.7%	4.6%
Married Filing Separately	25,150	0.8%	1,005.3	0.6%	39,970	49.4	0.7%	4.9%
Total	3,033,470	100.0%	163,144.4	100.0%	53,780	7,096.3	100.0%	4.3%

\* 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 2015**



## **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 3.03 million tax filers, about 653,000 (21.5%) claim the credit, but 628,000 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, more than 90% of filers with incomes of \$100,000 or more used the credit. The total amount of the used itemized deductions credit was \$257 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 2015**

WAGI Class	Tax Filers	Itemized Deductions Credit							
	Count	Total Claimed		Used Credit		Amount of Used Credit			Used amount / claimed amount
		Count	Amount (\$)	Count	% of filers in income class	(\$)	%	Average (\$)	
Less than \$0	51,950	4,200	4,771,840	0	0.0%	0	0.0%	-	0.0%
\$0 - <5,000	422,670	30,030	99,710,120	12,690	3.0	135,690	0.1	10	0.1
\$5,000 - <10,000	246,100	9,500	2,013,640	7,420	3.0	219,190	0.1	30	10.9
\$10,000 - <15,000	203,050	7,010	2,175,940	6,070	3.0	329,410	0.1	50	15.1
\$15,000 - <20,000	190,360	6,560	2,848,990	6,010	3.2	704,820	0.3	120	24.7
\$20,000 - <25,000	181,500	6,440	9,078,940	6,380	3.5	1,135,500	0.4	180	12.5
\$25,000 - <30,000	174,430	6,550	2,853,200	6,550	3.8	1,514,620	0.6	230	53.1
\$30,000 - <40,000	304,930	14,580	5,971,240	14,580	4.8	3,996,490	1.6	270	66.9
\$40,000 - <50,000	233,210	18,790	6,181,600	18,790	8.1	5,053,020	2.0	270	81.7
\$50,000 - <70,000	328,710	55,290	13,737,580	55,290	16.8	13,207,050	5.1	240	96.1
\$70,000 - <100,000	311,510	137,770	34,761,740	137,770	44.2	34,039,650	13.3	250	97.9
\$100,000 - <200,000	302,620	276,450	114,964,640	276,450	91.4	114,811,150	44.7	420	99.9
\$200,000 - <500,000	65,720	63,700	46,501,250	63,700	96.9	46,462,110	18.1	730	99.9
\$500,000 - 1,000,000	11,460	10,960	13,437,470	10,960	95.6	13,437,470	5.2	1,230	100.0
\$1,000,000 and over	5,240	4,920	21,722,330	4,920	93.9	21,722,330	8.5	4,420	100.0
<b>TOTAL</b>	<b>3,033,460</b>	<b>652,740</b>	<b>380,730,520</b>	<b>627,580</b>	<b>20.7%</b>	<b>256,768,500</b>	<b>100.0%</b>	<b>410</b>	<b>67.4%</b>

### **School Property Tax Credit**

The school property tax credit for tax year 2015 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 3.03 million tax filers, 2.03 million (or 67%) claimed a total of \$478 million in credits: \$354 million in property tax credits and \$124 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.) The credit is nonrefundable, so some filers who claim it may not be able to fully use it if they have more credit than tax liability. As such, 1.74 million filers were able to use the credit, and the total amount of used credit was \$408 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 \$408 million in total used school property tax/rent credit, 40% 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 2015**

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	51,950	14,010	3,148,160	220	3,530	591,010	170	17,290	3,739,180
\$0 - <5,000	422,670	66,680	15,506,000	230	56,690	7,929,300	140	121,020	23,435,300
\$5,000 - <10,000	246,100	40,090	9,342,180	230	50,470	6,506,630	130	89,160	15,848,810
\$10,000 - <15,000	203,050	41,300	9,654,090	230	62,070	8,478,630	140	101,720	18,132,720
\$15,000 - <20,000	190,360	46,550	10,960,750	240	68,970	10,331,400	150	113,630	21,292,150
\$20,000 - <25,000	181,500	49,920	11,816,560	240	70,680	11,244,030	160	118,360	23,060,590
\$25,000 - <30,000	174,430	56,270	13,438,170	240	68,900	11,595,090	170	122,650	25,033,260
\$30,000 - <40,000	304,930	119,930	28,982,640	240	114,600	20,534,200	180	228,950	49,516,840
\$40,000 - <50,000	233,210	117,660	29,245,030	250	75,280	14,636,390	190	187,970	43,881,410
\$50,000 - <70,000	328,710	212,070	54,959,060	260	79,890	16,929,100	210	284,320	71,888,160
\$70,000 - <100,000	311,510	248,890	68,023,970	270	43,420	9,984,280	230	285,730	78,008,250
\$100,000 - <200,000	302,620	269,280	77,433,510	290	20,320	4,834,550	240	284,940	82,268,060
\$200,000 - <500,000	65,720	58,830	17,309,040	290	2,350	589,870	250	60,670	17,898,910
\$500,000 - 1,000,000	11,460	9,940	2,944,950	300	270	69,870	260	10,170	3,014,820
\$1,000,000 and over	5,240	4,310	1,281,560	300	60	15,140	270	4,360	1,296,700
<b>TOTAL</b>	<b>3,033,470</b>	<b>1,355,710</b>	<b>354,045,650</b>	<b>260</b>	<b>717,490</b>	<b>124,269,490</b>	<b>170</b>	<b>2,030,940</b>	<b>478,315,140</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 2015**

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	3,130	0.7	41,040	0.0%	10	0.2
\$5,000 - <10,000	5,050	2.1	157,870	0.0%	30	1.0
\$10,000 - <15,000	53,660	26.4	3,697,480	0.9%	70	20.4
\$15,000 - <20,000	91,260	47.9	13,389,500	3.3%	150	62.9
\$20,000 - <25,000	115,030	63.4	18,929,280	4.6%	160	82.1
\$25,000 - <30,000	122,060	70.0	24,515,640	6.0%	200	97.9
\$30,000 - <40,000	228,230	74.8	49,274,670	12.1%	220	99.5
\$40,000 - <50,000	187,630	80.5	43,773,760	10.7%	230	99.8
\$50,000 - <70,000	284,090	86.4	71,813,650	17.6%	250	99.9
\$70,000 - <100,000	285,650	91.7	77,982,390	19.1%	270	100.0
\$100,000 - <200,000	284,920	94.2	82,261,610	20.2%	290	100.0
\$200,000 - <500,000	60,660	92.3	17,897,850	4.4%	300	100.0
\$500,000 - 1,000,000	10,170	88.7	3,014,820	0.7%	300	100.0
\$1,000,000 and over	4,360	83.2	1,296,700	0.3%	300	100.0
<b>TOTAL</b>	<b>1,735,900</b>	<b>57.2%</b>	<b>408,046,260</b>	<b>100.0%</b>	<b>240</b>	<b>85.3%</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 2015, 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 55% of all married joint filers used the credit in 2015, as Table 6 shows. About 654,000 married couples were able to use a total of \$263 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 2015**

WAGI Class	Married Joint Filers	Married Couple Credit							Used amount / claimed amount
		Total Claimed		Used Credit					
	Count	Count	Amount (\$)	Count	% of filers in income class	Amount (\$)	% of Total Used	Average (\$)	
Less than \$0	13,660	1,070	250,400	20	0.1%	4,560	0.0%	300	1.8%
\$0 - <5,000	67,800	2,250	209,780	330	0.5%	16,490	0.0%	50	7.9%
\$5,000 - <10,000	33,770	3,270	284,330	520	1.5%	40,560	0.0%	80	14.3%
\$10,000 - <15,000	33,000	4,810	568,500	570	1.7%	64,990	0.0%	120	11.4%
\$15,000 - <20,000	31,560	6,480	940,010	690	2.2%	99,570	0.0%	140	10.6%
\$20,000 - <25,000	35,620	8,270	1,419,130	2,800	7.9%	278,230	0.1%	100	19.6%
\$25,000 - <30,000	41,460	10,900	2,167,840	9,240	22.3%	1,176,480	0.4%	130	54.3%
\$30,000 - <40,000	86,030	29,850	7,455,090	29,760	34.6%	7,084,230	2.7%	240	95.0%
\$40,000 - <50,000	85,470	40,170	12,620,250	40,140	47.0%	12,604,360	4.8%	310	99.9%
\$50,000 - <70,000	175,420	112,150	42,728,050	112,130	63.9%	42,720,900	16.2%	380	100.0%
\$70,000 - <100,000	238,020	186,740	80,042,840	186,720	78.4%	80,038,160	30.4%	430	100.0%
\$100,000 - <200,000	268,210	223,630	99,670,700	223,630	83.4%	99,670,460	37.8%	450	100.0%
\$200,000 - <500,000	58,070	40,310	16,948,880	40,310	69.4%	16,948,400	6.4%	420	100.0%
\$500,000 - 1,000,000	9,940	5,300	2,066,060	5,300	53.3%	2,066,060	0.8%	390	100.0%
\$1,000,000 and over	4,400	1,840	677,400	1,840	41.9%	677,400	0.3%	370	100.0%
<b>TOTAL</b>	<b>1,182,410</b>	<b>677,020</b>	<b>268,049,250</b>	<b>654,000</b>	<b>55.3%</b>	<b>263,490,830</b>	<b>100.0%</b>	<b>400</b>	<b>98.3%</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 61% 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 2015**

WAGI CLASS	TAXFILERS	CREDIT FOR TAXES PAID TO OTHER STATES							Used amount / claimed amount
	Count	Total Claimed		Used Credit				Aver. \$	
		Count	Amount (\$)	Count	as % of filers in income class	Amount (\$)	%		
Less than \$0	51,950	20	33,900	-	-	-	-	-	8.6%
\$0 - <5,000	422,670	290	40,520	260	0.1%	19,170	0.0%	70	47.3%
\$5,000 - <10,000	246,100	400	41,180	380	0.2%	37,920	0.0%	100	92.1%
\$10,000 - <15,000	203,050	1,830	3,039,430	1,820	0.9%	171,630	0.1%	90	5.6%
\$15,000 - <20,000	190,360	2,270	437,810	2,270	1.2%	432,390	0.1%	190	98.8%
\$20,000 - <25,000	181,500	2,370	789,890	2,370	1.3%	785,050	0.3%	330	99.4%
\$25,000 - <30,000	174,430	2,810	1,395,540	2,810	1.6%	1,389,540	0.5%	490	99.6%
\$30,000 - <40,000	304,930	5,910	4,305,980	5,910	1.9%	4,292,280	1.4%	730	99.7%
\$40,000 - <50,000	233,210	5,740	5,926,270	5,740	2.5%	5,912,850	2.0%	1,030	99.8%
\$50,000 - <70,000	328,710	10,780	15,319,980	10,780	3.3%	15,299,480	5.1%	1,420	99.9%
\$70,000 - <100,000	311,510	13,740	27,122,690	13,740	4.4%	27,110,740	9.0%	1,970	100.0%
\$100,000 - <200,000	302,620	19,300	62,606,980	19,300	6.4%	62,530,320	20.8%	3,240	99.9%
\$200,000 - <500,000	65,720	7,300	40,966,610	7,300	11.1%	40,873,080	13.6%	5,600	99.8%
\$500,000 - 1,000,000	11,460	2,350	23,910,810	2,350	20.5%	23,868,510	7.9%	10,170	99.8%
\$1,000,000 and over	5,240	1,930	118,763,920	1,920	36.7%	118,503,090	39.3%	61,620	99.8%
<b>TOTAL</b>	<b>3,033,470</b>	<b>77,050</b>	<b>304,701,490</b>	<b>76,940</b>	<b>2.5%</b>	<b>301,228,960</b>	<b>100.0%</b>	<b>3,920</b>	<b>98.9%</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 capital investment 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	<5	0.0%	110	0.0%	-
\$5,000 - <10,000	246,100	10	0.0%	1,320	0.1%	130
\$10,000 - <15,000	203,050	170	0.1%	15,200	1.6%	90
\$15,000 - <20,000	190,360	290	0.2%	77,020	8.1%	270
\$20,000 - <25,000	181,500	710	0.4%	195,290	20.5%	280
\$25,000 - <30,000	174,430	600	0.3%	177,280	18.6%	300
\$30,000 - <40,000	304,930	650	0.2%	196,980	20.6%	300
\$40,000 - <50,000	233,210	330	0.1%	102,040	10.7%	310
\$50,000 - <70,000	328,710	350	0.1%	105,990	11.1%	300
\$70,000 - <100,000	311,510	170	0.1%	50,590	5.3%	300
\$100,000 - <200,000	302,620	110	0.0%	30,250	3.2%	280
\$200,000 - <500,000	65,720	10	0.0%	1,760	0.2%	180
\$500,000 - <1,000,000	11,460	<5	0.0%	300	0.0%	-
\$1,000,000 and over	5,240	-	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>3,033,460</b>	<b>3,390</b>	<b>0.1%</b>	<b>954,130</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 2015, 730 filers benefited from it at a total cost of approximately \$220,000

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 2015**

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	51,950	-	-	-	-	-
\$0 - <5,000	422,670	180	0.0%	17,620	7.9%	100
\$5,000 - <10,000	246,100	200	0.1%	37,720	16.8%	190
\$10,000 - <15,000	203,050	170	0.1%	83,250	37.2%	480
\$15,000 - <20,000	190,360	170	0.1%	82,280	36.7%	480
\$20,000 - <25,000	181,500	-	-	-	-	-
\$25,000 - <30,000	174,430	-	-	-	-	-
\$30,000 - <40,000	304,930	-	-	-	-	-
\$40,000 - <50,000	233,210	-	-	-	-	-
\$50,000 - <70,000	328,710	-	-	-	-	-
\$70,000 - <100,000	311,510	-	-	-	-	-
\$100,000 - <200,000	302,620	-	-	-	-	-
\$200,000 - <500,000	65,720	-	-	-	-	-
\$500,000 - <1,000,000	11,460	-	-	-	-	-
\$1,000,000 and over	5,240	-	-	-	-	-
<b>TOTAL</b>	<b>3,033,460</b>	<b>730</b>	<b>0.0%</b>	<b>223,950</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 280 tax filers, totaling \$1.7 million for an average credit of \$5,980. 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 was 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 2015**

WAGI Class	Tax filers	Used Historic Credits				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	-	0.0%	-	0.0%	-
\$5,000 - <10,000	246,100	-	0.0%	-	0.0%	-
\$10,000 - <15,000	203,050	-	0.0%	-	0.0%	-
\$15,000 - <20,000	190,360	-	0.0%	-	0.0%	-
\$20,000 - <25,000	181,500	<5	0.0%	820	0.0%	-
\$25,000 - <30,000	174,430	<5	0.0%	2,860	0.2%	-
\$30,000 - <40,000	304,930	10	0.0%	8,250	0.5%	830
\$40,000 - <50,000	233,210	10	0.0%	5,930	0.4%	590
\$50,000 - <70,000	328,710	30	0.0%	56,600	3.4%	1,890
\$70,000 - <100,000	311,510	40	0.0%	111,130	6.6%	2,780
\$100,000 - <200,000	302,620	100	0.0%	440,640	26.3%	4,410
\$200,000 - <500,000	65,720	50	0.1%	450,150	26.9%	9,000
\$500,000 - <1,000,000	11,460	30	0.3%	453,060	27.0%	15,100
\$1,000,000 and over	5,240	<5	0.0%	146,110	8.7%	-
<b>TOTAL</b>	<b>3,033,460</b>	<b>280</b>	<b>0.0%</b>	<b>1,675,540</b>	<b>100.0%</b>	<b>5,980</b>

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

The development zone credits (see Table 8D) benefited 20 tax filers at a cost of \$75,000 for an average credit of \$3,750. About 97% of this credit went to filers with income of \$200,000 or more, and 71% 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	<5	0.0%	1,260	1.7%	-
\$5,000 - <10,000	246,100	<5	0.0%	20	0.0%	-
\$10,000 - <15,000	203,050	-	0.0%	-	0.0%	-
\$15,000 - <20,000	190,360	-	0.0%	-	0.0%	-
\$20,000 - <25,000	181,500	-	0.0%	-	0.0%	-
\$25,000 - <30,000	174,430	-	0.0%	-	0.0%	-
\$30,000 - <40,000	304,930	<5	0.0%	650	0.9%	-
\$40,000 - <50,000	233,210	-	0.0%	-	0.0%	-
\$50,000 - <70,000	328,710	-	0.0%	-	0.0%	-
\$70,000 - <100,000	311,510	-	0.0%	-	0.0%	-
\$100,000 - <200,000	302,620	-	0.0%	-	0.0%	-
\$200,000 - <500,000	65,720	<5	0.0%	19,680	26.2%	-
\$500,000 - <1,000,000	11,460	-	0.0%	-	0.0%	-
\$1,000,000 and over	5,240	10	0.2%	53,470	71.2%	5,350
<b>TOTAL</b>	<b>3,033,460</b>	<b>20</b>	<b>0.00%</b>	<b>75,080</b>	<b>100.0%</b>	<b>3,750</b>

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

The angel investment credit (see Table 8E) benefited 480 tax filers at a cost of \$5.7 million for an average credit of \$11,810. About 97% of this credit went to filers with income of \$100,000 or more, and 72% 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 2015.

**TABLE 8E  
DISTRIBUTION OF ANGEL INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	10	0.0%	1,730	0.0%	170
\$5,000 - <10,000	246,100	<5	0.0%	350	0.0%	-
\$10,000 - <15,000	203,050	<5	0.0%	530	0.0%	-
\$15,000 - <20,000	190,360	<5	0.0%	710	0.0%	-
\$20,000 - <25,000	181,500	<5	0.0%	2,950	0.1%	-
\$25,000 - <30,000	174,430	<5	0.0%	1,110	0.0%	-
\$30,000 - <40,000	304,930	10	0.0%	3,680	0.1%	370
\$40,000 - <50,000	233,210	10	0.0%	10,000	0.2%	1,000
\$50,000 - <70,000	328,710	30	0.0%	55,890	1.0%	1,860
\$70,000 - <100,000	311,510	30	0.0%	97,980	1.7%	3,270
\$100,000 - <200,000	302,620	100	0.0%	430,340	7.6%	4,300
\$200,000 - <500,000	65,720	130	0.2%	982,120	17.3%	7,550
\$500,000 - <1,000,000	11,460	70	0.6%	1,027,450	18.1%	14,680
\$1,000,000 and over	5,240	90	1.7%	3,055,320	53.9%	33,950
<b>TOTAL</b>	<b>3,033,460</b>	<b>480</b>	<b>0.0%</b>	<b>5,670,150</b>	<b>100.0%</b>	<b>11,810</b>

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

The early stage seed investment credit (see Table 8F) was used by 290 tax filers at a cost of \$2.0 million. The average credit was \$6,840. 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. 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	10	0.0%	530	0.0%	50
\$5,000 - <10,000	246,100	-	0.0%	-	0.0%	-
\$10,000 - <15,000	203,050	-	0.0%	-	0.0%	-
\$15,000 - <20,000	190,360	-	0.0%	-	0.0%	-
\$20,000 - <25,000	181,500	<5	0.0%	1,370	0.1%	-
\$25,000 - <30,000	174,430	<5	0.0%	2,540	0.1%	-
\$30,000 - <40,000	304,930	<5	0.0%	1,200	0.1%	-
\$40,000 - <50,000	233,210	<5	0.0%	3,240	0.2%	-
\$50,000 - <70,000	328,710	<5	0.0%	6,070	0.3%	-
\$70,000 - <100,000	311,510	10	0.0%	15,510	0.8%	1,550
\$100,000 - <200,000	302,620	40	0.0%	136,670	6.9%	3,420
\$200,000 - <500,000	65,720	90	0.1%	579,660	29.2%	6,440
\$500,000 - <1,000,000	11,460	50	0.4%	454,160	22.9%	9,080
\$1,000,000 and over	5,240	70	1.3%	782,370	39.4%	11,180
<b>TOTAL</b>	<b>3,033,460</b>	<b>290</b>	<b>0.0%</b>	<b>1,983,310</b>	<b>100.0%</b>	<b>6,840</b>

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



The manufacturing investment credit (see Table 8G) was used by 220 tax filers at a cost of \$390,000. The average credit was \$1,790. Filers with incomes of \$1,000,000 or more accounted for 79% 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	<5	0.0%	80	0.0%	-
\$5,000 - <10,000	246,100	<5	0.0%	660	0.2%	-
\$10,000 - <15,000	203,050	<5	0.0%	1,410	0.4%	-
\$15,000 - <20,000	190,360	<5	0.0%	2,430	0.6%	-
\$20,000 - <25,000	181,500	-	0.0%	-	0.0%	-
\$25,000 - <30,000	174,430	-	0.0%	-	0.0%	-
\$30,000 - <40,000	304,930	<5	0.0%	270	0.1%	-
\$40,000 - <50,000	233,210	<5	0.0%	20	0.0%	-
\$50,000 - <70,000	328,710	10	0.0%	2,250	0.6%	230
\$70,000 - <100,000	311,510	20	0.0%	1,980	0.5%	100
\$100,000 - <200,000	302,620	40	0.0%	15,650	4.0%	390
\$200,000 - <500,000	65,720	50	0.1%	38,270	9.7%	770
\$500,000 - <1,000,000	11,460	20	0.2%	20,410	5.2%	1,020
\$1,000,000 and over	5,240	60	1.1%	310,340	78.8%	5,170
<b>TOTAL</b>	<b>3,033,460</b>	<b>220</b>	<b>0.0%</b>	<b>393,770</b>	<b>100.0%</b>	<b>1,790</b>

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

The economic development credit (see Table 8H) was used by 480 tax filers at a cost of \$4.1 million. The average credit was \$8,570. Filers with incomes of \$500,000 or more accounted for 84% 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	10	0.0%	3,450	0.1%	350
\$5,000 - <10,000	246,100	<5	0.0%	20	0.0%	-
\$10,000 - <15,000	203,050	-	0.0%	-	0.0%	-
\$15,000 - <20,000	190,360	<5	0.0%	30	0.0%	-
\$20,000 - <25,000	181,500	<5	0.0%	580	0.0%	-
\$25,000 - <30,000	174,430	<5	0.0%	1,660	0.0%	-
\$30,000 - <40,000	304,930	10	0.0%	2,140	0.1%	210
\$40,000 - <50,000	233,210	<5	0.0%	2,870	0.1%	-
\$50,000 - <70,000	328,710	10	0.0%	7,880	0.2%	790
\$70,000 - <100,000	311,510	30	0.0%	26,190	0.6%	870
\$100,000 - <200,000	302,620	100	0.0%	100,250	2.4%	1,000
\$200,000 - <500,000	65,720	130	0.2%	497,670	12.1%	3,830
\$500,000 - <1,000,000	11,460	60	0.5%	499,340	12.1%	8,320
\$1,000,000 and over	5,240	110	2.1%	2,971,890	72.2%	27,020
<b>TOTAL</b>	<b>3,033,470</b>	<b>480</b>	<b>0.0%</b>	<b>4,113,970</b>	<b>100.0%</b>	<b>8,570</b>

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

The community rehabilitation program credit (see Table 8I) was used by 130 tax filers at a cost of \$55,000. The average credit was \$420. Filers with incomes of \$200,000 or more accounted for 97% 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 2015**

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	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	<5	0.0%	10	0.0%	-
\$5,000 - <10,000	246,100	-	0.0%	-	0.0%	-
\$10,000 - <15,000	203,050	-	0.0%	-	0.0%	-
\$15,000 - <20,000	190,360	<5	0.0%	170	0.3%	-
\$20,000 - <25,000	181,500	<5	0.0%	-	0.0%	-
\$25,000 - <30,000	174,430	<5	0.0%	110	0.2%	-
\$30,000 - <40,000	304,930	<5	0.0%	-	0.0%	-
\$40,000 - <50,000	233,210	-	0.0%	-	0.0%	-
\$50,000 - <70,000	328,710	<5	0.0%	110	0.2%	-
\$70,000 - <100,000	311,510	<5	0.0%	170	0.3%	-
\$100,000 - <200,000	302,620	10	0.0%	940	1.7%	90
\$200,000 - <500,000	65,720	40	0.1%	10,340	18.8%	260
\$500,000 - <1,000,000	11,460	20	0.2%	10,180	18.5%	510
\$1,000,000 and over	5,240	40	0.8%	33,030	60.0%	830
<b>TOTAL</b>	<b>3,033,470</b>	<b>130</b>	<b>0.0%</b>	<b>55,040</b>	<b>100.0%</b>	<b>420</b>

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 6,080 tax filers at a cost of \$133 million. The average credit was \$21,840. Filers with incomes of \$1,000,000 or more accounted for 77% 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 2015**

WAGI Class	Tax filers	Used Manufacturing Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	51,950	-	0.0%	-	0.0%	-
\$0 - <5,000	422,670	130	0.0%	36,380	0.0%	280
\$5,000 - <10,000	246,100	140	0.1%	48,930	0.0%	350
\$10,000 - <15,000	203,050	90	0.0%	50,660	0.0%	560
\$15,000 - <20,000	190,360	50	0.0%	51,360	0.0%	1,030
\$20,000 - <25,000	181,500	50	0.0%	33,210	0.0%	660
\$25,000 - <30,000	174,430	80	0.0%	65,220	0.0%	820
\$30,000 - <40,000	304,930	120	0.0%	85,000	0.1%	710
\$40,000 - <50,000	233,210	130	0.1%	115,860	0.1%	890
\$50,000 - <70,000	328,710	280	0.1%	407,250	0.3%	1,450
\$70,000 - <100,000	311,510	370	0.1%	517,030	0.4%	1,400
\$100,000 - <200,000	302,620	1,140	0.4%	2,948,710	2.2%	2,590
\$200,000 - <500,000	65,720	1,490	2.3%	10,585,790	8.0%	7,100
\$500,000 - <1,000,000	11,460	890	7.8%	15,977,840	12.0%	17,950
\$1,000,000 and over	5,240	1,110	21.2%	101,880,600	76.7%	91,780
<b>TOTAL</b>	<b>3,033,470</b>	<b>6,080</b>	<b>0.2%</b>	<b>132,803,840</b>	<b>100.0%</b>	<b>21,840</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 5,310 tax filers at a cost of \$16 million. The average credit was \$2,980. Filers with incomes of \$100,000 or more accounted for 71% 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 2015**

WAGI Class	Tax filers	Used Agriculture Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	51,950	<5	0.0%	3,880	0.0%	-
\$0 - <5,000	422,670	10	0.0%	3,440	0.0%	340
\$5,000 - <10,000	246,100	10	0.0%	2,870	0.0%	290
\$10,000 - <15,000	203,050	70	0.0%	6,070	0.0%	90
\$15,000 - <20,000	190,360	110	0.1%	24,750	0.2%	230
\$20,000 - <25,000	181,500	140	0.1%	35,720	0.2%	260
\$25,000 - <30,000	174,430	230	0.1%	69,640	0.4%	300
\$30,000 - <40,000	304,930	650	0.2%	326,730	2.1%	500
\$40,000 - <50,000	233,210	660	0.3%	572,620	3.6%	870
\$50,000 - <70,000	328,710	1,040	0.3%	1,421,970	9.0%	1,370
\$70,000 - <100,000	311,510	980	0.3%	2,074,340	13.1%	2,120
\$100,000 - <200,000	302,620	950	0.3%	3,420,030	21.6%	3,600
\$200,000 - <500,000	65,720	330	0.5%	2,908,980	18.4%	8,820
\$500,000 - <1,000,000	11,460	80	0.7%	1,400,450	8.8%	17,510
\$1,000,000 and over	5,240	50	1.0%	3,570,140	22.5%	71,400
<b>TOTAL</b>	<b>3,033,470</b>	<b>5,310</b>	<b>0.2%</b>	<b>15,841,640</b>	<b>100.0%</b>	<b>2,980</b>

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

The research credits (see Table 8L) were used by 2,700 tax filers at a cost of \$14 million. The average credit was \$5,180. Filers with incomes of \$500,000 or more accounted for 82% 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 2015**

WAGI Class	Tax filers		Used Research Credit			
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	51,950	<5	0.0%	210	0.0%	-
\$0 - <5,000	422,670	50	0.0%	4,820	0.0%	100
\$5,000 - <10,000	246,100	20	0.0%	2,950	0.0%	150
\$10,000 - <15,000	203,050	20	0.0%	4,670	0.0%	230
\$15,000 - <20,000	190,360	20	0.0%	10,550	0.1%	530
\$20,000 - <25,000	181,500	20	0.0%	4,880	0.0%	240
\$25,000 - <30,000	174,430	40	0.0%	13,360	0.1%	330
\$30,000 - <40,000	304,930	30	0.0%	15,440	0.1%	510
\$40,000 - <50,000	233,210	20	0.0%	20,370	0.1%	1,020
\$50,000 - <70,000	328,710	70	0.0%	71,520	0.5%	1,020
\$70,000 - <100,000	311,510	130	0.0%	125,000	0.9%	960
\$100,000 - <200,000	302,620	400	0.1%	502,760	3.6%	1,260
\$200,000 - <500,000	65,720	720	1.1%	1,811,970	13.0%	2,520
\$500,000 - <1,000,000	11,460	490	4.3%	2,053,360	14.7%	4,190
\$1,000,000 and over	5,240	680	13.0%	9,343,240	66.8%	13,740
<b>TOTAL</b>	<b>3,033,470</b>	<b>2,700</b>	<b>0.1%</b>	<b>13,985,090</b>	<b>100.0%</b>	<b>5,180</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, 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. Tables 9A-9C provide information on the veterans and surviving spouses property tax credit, the enterprise zone jobs 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, 8,730 tax filers claimed the credit in tax year 2015 at a total cost to the state of \$25.3 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 2015**

WAGI Class	TAXFILERS Count	VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT				
		Number of Participants		Amount		Aver. Credit (\$)
		Count	as % of filers in income class	(\$)	%	
Less than \$0	51,950	310	0.6%	844,660	3.3%	2,720
\$0 - <5,000	422,670	3,130	0.7%	7,710,520	30.4%	2,460
\$5,000 - <10,000	246,100	780	0.3%	2,144,730	8.5%	2,750
\$10,000 - <15,000	203,050	640	0.3%	1,810,640	7.2%	2,830
\$15,000 - <20,000	190,360	580	0.3%	1,752,140	6.9%	3,020
\$20,000 - <25,000	181,500	440	0.2%	1,275,170	5.0%	2,900
\$25,000 - <30,000	174,430	460	0.3%	1,338,770	5.3%	2,910
\$30,000 - <40,000	304,930	690	0.2%	2,175,390	8.6%	3,150
\$40,000 - <50,000	233,210	540	0.2%	1,770,810	7.0%	3,280
\$50,000 - <70,000	328,710	590	0.2%	2,108,710	8.3%	3,570
\$70,000 - <100,000	311,510	350	0.1%	1,284,710	5.1%	3,670
\$100,000 - <200,000	302,620	180	0.1%	889,740	3.5%	4,940
\$200,000 - <500,000	65,720	30	0.0%	166,510	0.7%	5,550
\$500,000 - <1,000,000	11,460	<5	0.0%	26,190	0.1%	-
\$1,000,000 and over	5,240	<5	0.0%	24,200	0.1%	-
<b>TOTAL</b>	<b>3,033,470</b>	<b>8,730</b>	<b>0.3%</b>	<b>25,322,910</b>	<b>100.0%</b>	<b>2,900</b>

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

In order to claim the enterprise zone jobs credit, businesses must be located in a designated enterprise zone and certified by the Wisconsin Economic Development Corporation (WEDC). WEDC may certify businesses for tax benefits based on activities in the designated zones, including beginning operations, expanding operations, making capital investments, or retaining jobs. As shown in Table 9B, the credit is targeted at a relatively small number of taxpayers. Only 20 individual tax filers claimed the credit in tax year 2015 at a cost to the state of less than \$100,000. The credit is primarily awarded to corporations, so the table does not reflect most credit claimants.

**TABLE 9B  
ENTERPRISE ZONE JOBS CREDIT, BY INCOME CLASS, TAX YEAR 2015**

WAGI CLASS	TAXFILERS	ENTERPRISE ZONE JOBS CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
	Count	Count	as % of filers in income class	(\$)	%	
Less than \$100,000	2,648,420	20	0.0%	43,760	48.4%	2,190
\$100,000 and over	385,040	10	0.0%	48,140	53.2%	4,810
TOTAL	3,033,470	20	0.0%	90,490	100.0%	4,520

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



In order to claim the jobs tax credit, businesses must be certified by the 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 9C, the credit is targeted at a relatively small number of taxpayers. Only 60 individual tax filers claimed the credit in tax year 2015 at a cost to the state of \$1.7 million. The credit was also available to corporations, so the table does not reflect all credit claimants.

**TABLE 9C**  
**JOBS TAX CREDIT, BY INCOME CLASS, TAX YEAR 2015**

WAGI CLASS	TAXFILERS Count	JOBS TAX CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
		Count	as % of filers in income class	(\$)	%	
Less than \$100,000	2,648,420	10	0.0%	1,102,320	64.6%	110,232
\$100,000 and over	385,040	50	0.0%	603,600	35.4%	12,072
<b>TOTAL</b>	<b>3,033,470</b>	<b>60</b>	<b>0.0%</b>	<b>1,705,910</b>	<b>100.0%</b>	<b>28,432</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 2.0% of filers (62,000) report use tax. Total use tax collected through the income tax return amounted to \$3.4 million, for an average of \$60. The reporting rate increases with income.

**TABLE 10**  
**USE TAX FOR TAX YEAR 2015**

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	51,950	360	0.7%	25,290	0.7%	70
\$0 - <5,000	422,670	1,990	0.5%	86,090	2.5%	40
\$5,000 - <10,000	246,100	1,890	0.8%	63,090	1.9%	30
\$10,000 - <15,000	203,050	2,000	1.0%	74,130	2.2%	40
\$15,000 - <20,000	190,360	2,140	1.1%	92,220	2.7%	40
\$20,000 - <25,000	181,500	2,310	1.3%	90,240	2.7%	40
\$25,000 - <30,000	174,430	2,470	1.4%	103,560	3.0%	40
\$30,000 - <40,000	304,930	5,220	1.7%	227,050	6.7%	40
\$40,000 - <50,000	233,210	4,920	2.1%	211,330	6.2%	40
\$50,000 - <70,000	328,710	8,610	2.6%	406,330	12.0%	50
\$70,000 - <100,000	311,510	10,080	3.2%	494,570	14.5%	50
\$100,000 - <200,000	302,620	13,300	4.4%	745,530	21.9%	60
\$200,000 - <500,000	65,720	4,670	7.1%	380,610	11.2%	80
\$500,000 - 1,000,000	11,460	1,160	10.1%	134,970	4.0%	120
\$1,000,000 and over	5,240	600	11.4%	265,000	7.8%	440
<b>TOTAL</b>	<b>3,033,470</b>	<b>61,700</b>	<b>2.0%</b>	<b>3,400,010</b>	<b>100.0%</b>	<b>60</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 2015, 12,850 filers donated a total of about \$252,000 or an average of \$20 for every donor. The average ranged from \$11 for incomes below \$10,000 to \$322 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 2015**

WAGI Class	Tax filers	Endangered Resources Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	40	0.1%	920	0.4%	23
\$0 - <5,000	422,670	480	0.1%	5,160	2.0%	11
\$5,000 - <10,000	246,100	570	0.2%	5,440	2.2%	10
\$10,000 - <15,000	203,050	670	0.3%	7,850	3.1%	12
\$15,000 - <20,000	190,360	670	0.4%	8,180	3.2%	12
\$20,000 - <25,000	181,500	730	0.4%	9,620	3.8%	13
\$25,000 - <30,000	174,430	730	0.4%	11,520	4.6%	16
\$30,000 - <40,000	304,930	1,340	0.4%	18,550	7.4%	14
\$40,000 - <50,000	233,210	1,230	0.5%	21,370	8.5%	17
\$50,000 - <70,000	328,710	1,790	0.5%	31,380	12.5%	18
\$70,000 - <100,000	311,510	1,900	0.6%	38,190	15.2%	20
\$100,000 - <200,000	302,620	2,210	0.7%	56,390	22.4%	26
\$200,000 - <500,000	65,720	420	0.6%	26,300	10.4%	63
\$500,000 - 1,000,000	11,460	50	0.5%	4,430	1.8%	89
\$1,000,000 and over	5,240	20	0.3%	6,440	2.6%	322
<b>TOTAL</b>	<b>3,033,460</b>	<b>12,850</b>	<b>0.4%</b>	<b>251,740</b>	<b>100.0%</b>	<b>20</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 11B reports, approximately 9,100 filers gave a total of \$150,000 for an average of \$17. Donors with income below \$100,000 gave \$15 on average, while donors with income \$100,000 or more donated \$23 on average.

**TABLE 11B  
CANCER RESEARCH DONATION FOR TAX YEAR 2015**

WAGI Class	Tax filers	Cancer Research Donation				Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	51,950	30	0.1%	1,090	0.7%	36
\$0 - <5,000	422,670	440	0.1%	4,650	3.0%	11
\$5,000 - <10,000	246,100	540	0.2%	5,990	3.9%	11
\$10,000 - <15,000	203,050	610	0.3%	6,740	4.4%	11
\$15,000 - <20,000	190,360	540	0.3%	8,360	5.5%	15
\$20,000 - <25,000	181,500	610	0.3%	10,030	6.6%	16
\$25,000 - <30,000	174,430	590	0.3%	9,620	6.3%	16
\$30,000 - <40,000	304,930	1,040	0.3%	18,800	12.3%	18
\$40,000 - <50,000	233,210	840	0.4%	12,650	8.3%	15
\$50,000 - <70,000	328,710	1,120	0.3%	18,640	12.2%	17
\$70,000 - <100,000	311,510	1,110	0.4%	18,980	12.4%	17
\$100,000 - <200,000	302,620	1,310	0.4%	27,410	17.9%	21
\$200,000 - <500,000	65,720	250	0.4%	8,030	5.3%	32
\$500,000 - <1,000,000	11,460	20	0.2%	810	0.5%	41
\$1,000,000 and over	5,240	10	0.2%	1,040	0.7%	104
<b>TOTAL</b>	<b>3,033,470</b>	<b>9,060</b>	<b>0.3%</b>	<b>152,840</b>	<b>100.0%</b>	<b>17</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 7,100 filers who gave a total of \$111,000 for an average of \$16 per return. Donors with income above \$200,000 donated the most on average at about \$71 per return. Filers with income of less than \$200,000 had average donations of about \$14.

**TABLE 11C  
VETERANS TRUST FUND DONATION FOR TAX YEAR 2015**

WAGI Class	Tax filers	Veterans Trust Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	40	0.1%	550	0.5%	14
\$0 - <5,000	422,670	290	0.1%	8,460	7.6%	29
\$5,000 - <10,000	246,100	340	0.1%	2,750	2.5%	8
\$10,000 - <15,000	203,050	420	0.2%	3,870	3.5%	9
\$15,000 - <20,000	190,360	440	0.2%	5,510	5.0%	13
\$20,000 - <25,000	181,500	460	0.3%	5,070	4.6%	11
\$25,000 - <30,000	174,430	440	0.3%	5,980	5.4%	14
\$30,000 - <40,000	304,930	860	0.3%	11,060	10.0%	13
\$40,000 - <50,000	233,210	660	0.3%	8,260	7.5%	13
\$50,000 - <70,000	328,710	940	0.3%	12,110	10.9%	13
\$70,000 - <100,000	311,510	920	0.3%	13,200	11.9%	14
\$100,000 - <200,000	302,620	1,020	0.3%	17,010	15.3%	17
\$200,000 - <500,000	65,720	210	0.3%	15,180	13.7%	72
\$500,000 - <1,000,000	11,460	20	0.2%	960	0.9%	48
\$1,000,000 and over	5,240	10	0.2%	960	0.9%	96
<b>TOTAL</b>	<b>3,033,460</b>	<b>7,060</b>	<b>0.2%</b>	<b>110,920</b>	<b>100.0%</b>	<b>16</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 11D reports, there were 5,100 filers who gave a total of \$71,000 for an average of \$14 per return. Donors with income above \$50,000 donated the most on average at about \$17 per return. Filers with income of less than \$50,000 had average donations of about \$11.

**TABLE 11D  
MULTIPLE SCLEROSIS RESEARCH DONATION FOR TAX YEAR 2015**

WAGI Class	Tax filers	Multiple Sclerosis Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	20	0.0%	260	0.4%	13
\$0 - <5,000	422,670	200	0.0%	1,930	2.7%	10
\$5,000 - <10,000	246,100	260	0.1%	2,140	3.0%	8
\$10,000 - <15,000	203,050	330	0.2%	3,300	4.6%	10
\$15,000 - <20,000	190,360	300	0.2%	2,880	4.0%	10
\$20,000 - <25,000	181,500	310	0.2%	3,180	4.5%	10
\$25,000 - <30,000	174,430	330	0.2%	4,040	5.7%	12
\$30,000 - <40,000	304,930	590	0.2%	6,820	9.6%	12
\$40,000 - <50,000	233,210	500	0.2%	6,750	9.5%	14
\$50,000 - <70,000	328,710	670	0.2%	9,830	13.8%	15
\$70,000 - <100,000	311,510	690	0.2%	10,730	15.1%	16
\$100,000 - <200,000	302,620	740	0.2%	13,320	18.7%	18
\$200,000 - <500,000	65,720	150	0.2%	4,150	5.8%	28
\$500,000 - <1,000,000	11,460	20	0.2%	890	1.3%	45
\$1,000,000 and over	5,240	10	0.2%	920	1.3%	92
<b>TOTAL</b>	<b>3,033,470</b>	<b>5,120</b>	<b>0.2%</b>	<b>71,140</b>	<b>100.0%</b>	<b>14</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 7,200 filers who gave a total of \$119,000 for an average of \$17 per return (See Table 11E). Donors with income above \$200,000 donated the most on average at about \$68 per return. Filers with income of less than \$200,000 had average donations of about \$15.

**TABLE 11E  
MILITARY FAMILY RELIEF FUND DONATION, BY INCOME CLASS, TAX YEAR 2015**

WAGI Class	Tax filers	Military Family Relief Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	30	0.1%	520	0.4%	17
\$0 - <5,000	422,670	280	0.1%	4,300	3.6%	15
\$5,000 - <10,000	246,100	370	0.1%	3,420	2.9%	9
\$10,000 - <15,000	203,050	440	0.2%	4,100	3.4%	9
\$15,000 - <20,000	190,360	440	0.2%	4,910	4.1%	11
\$20,000 - <25,000	181,500	450	0.2%	6,470	5.4%	14
\$25,000 - <30,000	174,430	460	0.3%	6,850	5.7%	15
\$30,000 - <40,000	304,930	830	0.3%	10,720	9.0%	13
\$40,000 - <50,000	233,210	670	0.3%	8,600	7.2%	13
\$50,000 - <70,000	328,710	920	0.3%	13,010	10.9%	14
\$70,000 - <100,000	311,510	950	0.3%	14,730	12.4%	16
\$100,000 - <200,000	302,620	1,090	0.4%	23,180	19.5%	21
\$200,000 - <500,000	65,720	230	0.3%	16,540	13.9%	72
\$500,000 - <1,000,000	11,460	30	0.2%	990	0.8%	33
\$1,000,000 and over	5,240	10	0.2%	790	0.7%	79
<b>TOTAL</b>	<b>3,033,470</b>	<b>7,190</b>	<b>0.2%</b>	<b>119,110</b>	<b>100.0%</b>	<b>17</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 7,800 filers who gave a total of \$143,000 for an average of \$18 per return (See Table 11F). Donors with income above \$200,000 donated the most on average at about \$47 per return. Filers with income of less than \$200,000 had average donations of about \$17.

**TABLE 11F  
SECOND HARVEST FOOD BANK DONATION, BY INCOME CLASS, TAX YEAR 2015**

WAGI Class	Tax filers	Second Harvest Food Bank Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	30	0.1%	610	0.4%	20
\$0 - <5,000	422,670	330	0.1%	3,560	2.5%	11
\$5,000 - <10,000	246,100	400	0.2%	3,490	2.4%	9
\$10,000 - <15,000	203,050	490	0.2%	6,460	4.5%	13
\$15,000 - <20,000	190,360	500	0.3%	6,630	4.6%	13
\$20,000 - <25,000	181,500	500	0.3%	7,320	5.1%	15
\$25,000 - <30,000	174,430	470	0.3%	7,950	5.6%	17
\$30,000 - <40,000	304,930	850	0.3%	13,410	9.4%	16
\$40,000 - <50,000	233,210	740	0.3%	12,230	8.5%	17
\$50,000 - <70,000	328,710	1,010	0.3%	17,220	12.0%	17
\$70,000 - <100,000	311,510	1,040	0.3%	20,800	14.5%	20
\$100,000 - <200,000	302,620	1,200	0.4%	29,240	20.4%	24
\$200,000 - <500,000	65,720	260	0.4%	11,540	8.1%	44
\$500,000 - <1,000,000	11,460	30	0.2%	1,320	0.9%	44
\$1,000,000 and over	5,240	10	0.1%	1,330	0.9%	133
<b>TOTAL</b>	<b>3,033,470</b>	<b>7,840</b>	<b>0.3%</b>	<b>143,100</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 6,400 filers who gave a total of \$86,000 for an average of \$13 per return (See Table 11G). Donors with income above \$200,000 donated the most on average at about \$36 per return. Filers with income of less than \$200,000 had average donations of about \$12.

**TABLE 11G  
RED CROSS DONATION, BY INCOME CLASS, TAX YEAR 2015**

WAGI Class	Tax filers	Red Cross Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	40	0.1%	540	0.6%	14
\$0 - <5,000	422,670	260	0.1%	2,410	2.8%	9
\$5,000 - <10,000	246,100	340	0.1%	2,570	3.0%	8
\$10,000 - <15,000	203,050	410	0.2%	4,320	5.0%	11
\$15,000 - <20,000	190,360	390	0.2%	3,420	4.0%	9
\$20,000 - <25,000	181,500	430	0.2%	4,050	4.7%	9
\$25,000 - <30,000	174,430	410	0.2%	4,740	5.5%	12
\$30,000 - <40,000	304,930	750	0.2%	9,000	10.5%	12
\$40,000 - <50,000	233,210	610	0.3%	7,480	8.7%	12
\$50,000 - <70,000	328,710	830	0.3%	11,430	13.4%	14
\$70,000 - <100,000	311,510	810	0.3%	11,660	13.6%	14
\$100,000 - <200,000	302,620	910	0.3%	15,600	18.2%	17
\$200,000 - <500,000	65,720	200	0.3%	6,420	7.5%	32
\$500,000 - <1,000,000	11,460	20	0.2%	590	0.7%	30
\$1,000,000 and over	5,240	10	0.2%	1,380	1.6%	138
<b>TOTAL</b>	<b>3,033,470</b>	<b>6,390</b>	<b>0.2%</b>	<b>85,610</b>	<b>100.0%</b>	<b>13</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 6,300 filers who gave a total of \$89,000 for an average of \$14 per return (See Table 11H). 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 11H  
SPECIAL OLYMPICS DONATION, BY INCOME CLASS, TAX YEAR 2015**

WAGI Class	Tax filers	Special Olympics Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	51,950	30	0.0%	480	0.5%	16
\$0 - <5,000	422,670	250	0.1%	2,180	2.4%	9
\$5,000 - <10,000	246,100	360	0.1%	3,300	3.7%	9
\$10,000 - <15,000	203,050	400	0.2%	3,520	3.9%	9
\$15,000 - <20,000	190,360	380	0.2%	5,010	5.6%	13
\$20,000 - <25,000	181,500	400	0.2%	3,990	4.5%	10
\$25,000 - <30,000	174,430	380	0.2%	5,160	5.8%	14
\$30,000 - <40,000	304,930	700	0.2%	8,360	9.4%	12
\$40,000 - <50,000	233,210	590	0.3%	6,290	7.1%	11
\$50,000 - <70,000	328,710	800	0.2%	10,970	12.3%	14
\$70,000 - <100,000	311,510	790	0.3%	10,800	12.1%	14
\$100,000 - <200,000	302,620	970	0.3%	17,070	19.2%	18
\$200,000 - <500,000	65,720	210	0.3%	6,810	7.6%	32
\$500,000 - <1,000,000	11,460	40	0.3%	4,060	4.6%	102
\$1,000,000 and over	5,240	10	0.1%	1,130	1.3%	113
<b>TOTAL</b>	<b>3,033,460</b>	<b>6,300</b>	<b>0.2%</b>	<b>89,130</b>	<b>100.0%</b>	<b>14</b>

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

## **APPENDIX MAJOR PROVISIONS OF 2015 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 2015 include:

- An exclusion for 30% of capital gains on assets held for more than one year which Wisconsin allows in tax year 2015, 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 \$6,943 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 \$3,100 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 2015 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 2015**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<14,780	10,250
	14,780 to 100,197	10,250 – 12% (WAGI – 14,780)
	>100,197	0
Head of Household	<14,780	13,240
	14,780 to 43,216	13,240 – 22.515% (WAGI – 14,780)
	>43,216 to 100,197	10,250 – 12% (WAGI – 14,780)
	>100,197	0
Married Filing Jointly	<20,740	18,460
	20,740 to 114,076	18,460 – 19.778% (WAGI – 20,740)
	>114,076	0
Married Filing Separately	<9,850	8,770
	9,850 to 54,192	8,770 – 19.778% (WAGI – 9,850)
	>54,192	0

Source: WI Department of Revenue.

## Personal Exemptions

Personal exemptions are subtracted from WAGI to arrive at taxable income. For tax year 2015, 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 2015 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 2015**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.00	>0 – 11,090	>0 - 14,790	>0 - 7,400
5.84	>11,090 – 22,190	>14,790 – 29,580	>7,400 - 14,790
6.27	>22,190 – 244,270	>29,580 – 325,700	>14,790 - 162,850
7.65	<244,270	<325,700	<162,850

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 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 2015, the maximum federal credit is 34% of earnings not exceeding \$9,880 for persons with one child, 40% of earnings not exceeding \$13,870 for persons with two children, and 45% of earnings not exceeding \$13,870 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 \$23,630 - \$44,651, for singles it is \$18,110 - \$39,131.
  - Two children the phase-out range for joint filers is \$23,630 - \$49,974, and for singles it is \$18,110 - \$44,454.
  - Three or more children the phase-out range for joint filers is \$23,630 - \$53,267, and for singles it is \$18,110 - \$47,747.

Thus, the maximum federal credit for tax year 2015 is \$3,359 for one child, \$5,548 for two children, and \$6,242 for three or more children. The maximum state credit is \$134 for one child, \$610 for two children, and \$2,122 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 included 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 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.