

## INDIVIDUAL INCOME TAX STATISTICS REPORT FOR TAX YEAR 2016

This report summarizes data from individual income tax returns for tax year 2016 that were filed by October 15, 2017.

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

Taxpayers filed 3.04 million tax returns for tax year 2016, an increase of 0.3% over the 3.03 million returns filed for 2015. In 2016, there were 1.3 million single filers (43.9% of total), and 277,000 head-of-household filers (9.1%). Married joint filers numbered 1.2 million (38.9%) while married separate filers numbered around 26,000 (0.9%). In addition, there were about 220,000 dependent filers (filers who were claimed as dependents on someone else's tax return) (7.2%).

Wisconsin adjusted gross income (WAGI) was \$166.0 billion in tax year 2016, a 1.8% increase from 2015. Total standard deductions equaled \$19.9 billion in tax year 2016, compared to \$19.5 billion for 2015, an increase of 2.0%. Personal exemptions were \$3.265 billion in 2016 compared to \$3.263 billion in 2015, a 0.1% increase. Total income tax liability (before the minimum tax) increased 1.4% to \$7.17 billion and the alternative minimum tax, paid by 35,000 filers, generated \$30.9 million in tax year 2016, a 19.2% increase from tax year 2015. Of the 3.04 million tax returns filed for 2016, 2.16 million, or 70.9%, 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 4.5% to \$1.47 billion in 2016. The five largest nonrefundable credits -- the school property tax credit (\$411.2 million), the credit for taxes paid to other states (\$293.4 million), the married couple credit (\$264.2 million), the itemized deduction credit (\$261.7 million), and the manufacturing and agriculture credit (\$221.6 million) -- accounted for 98% 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, and the business development 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 \$97.8 million, followed by the homestead tax credit at \$89.3 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 business development credit replaced the economic development credit and the jobs tax credit for tax year 2016 and after. Economic development and jobs tax credits may still be awarded to businesses that had a contract in force with the Wisconsin Economic Development Corporation (WEDC) on January 1, 2016.

**TABLE 1**  
**INDIVIDUAL INCOME TAX RETURNS: SELECTED TAX ITEMS FOR TAX YEARS 2015 AND 2016**  
**(dollar amounts in millions)**

	Tax Year 2015	Tax Year 2016	Percent Change
Count of Tax Returns	3,033,470	3,041,210	0.3%
Single	1,325,800	1,336,140	0.8%
Dependent filers	222,060	219,600	-1.1%
Head of Household	278,050	276,710	-0.5%
Married Filing Jointly	1,182,410	1,182,550	0.0%
Married Filing Separately	25,150	26,210	4.2%
Wisconsin Adjusted Gross Income (WAGI)	163,140	166,000	1.8%
Standard Deduction			
Number of returns	2,465,830	2,478,760	0.5%
Amount	19,501.64	19,884.25	2.0%
Personal Exemptions			
Number of returns	2,239,860	2,255,240	0.7%
Amount	3,262.90	3,265.27	0.1%
Taxable Income			
Number of returns	2,288,430	2,301,840	0.6%
Amount	141,640.14	144,287.00	1.9%
Gross Income Tax (before credits)			
Number of returns	2,280,670	2,293,640	0.6%
Amount	8,481.37	8,647.20	2.0%
Net Income Tax			
Number of returns	2,141,800	2,157,170	0.7%
Amount	7,070.46	7,172.45	1.4%
Alternative Minimum Tax			
Number of returns	33,620	34,520	2.7%
Amount	25.88	30.86	19.2%
Total Tax Liability (Net Tax + Minimum Tax)			
Number of returns	2,142,340	2,157,610	0.7%
Percent of total returns filed	70.6%	70.9%	
Amount	7,096.34	7,203.31	1.5%
Aver. Tax Rate (as % of WAGI)	4.30%	4.30%	0.0%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2015 AND 2016**  
**(dollar amounts in millions)**

	Tax Year 2015	Tax Year 2016	Percent Change
<b>Total Nonrefundable Credits (Used)</b>	<b>1,410.91</b>	<b>1,474.75</b>	<b>4.5%</b>
Itemized Deductions Credit			
Number of returns	627,576	617,715	-1.6%
Amount	256.77	261.73	1.9%
Armed Forces Credit			
Number of returns	3,390	3,030	-10.6%
Amount	0.95	0.85	-10.5%
School Property Tax/Rent Credit			
Number of returns	1,735,900	1,733,550	-0.1%
Amount	408.05	411.20	0.8%
Working Families Credit			
Number of returns	730	260	-64.4%
Amount	0.22	0.08	-63.6%
Married Couple Credit			
Number of returns	654,000	652,050	-0.3%
Amount	263.49	264.21	0.3%
Credit for Taxes Paid to Other States			
Number of returns	76,940	76,720	-0.3%
Amount	301.23	293.43	-2.6%
Historic Rehabilitation Credits			
Number of returns	280	300	7.1%
Amount	1.68	1.98	17.9%
Development Zone Credit			
Number of returns	20	<5	-
Amount	0.08	0.03	-62.5%
Angel Investment Credit			
Number of returns	480	480	0.0%
Amount	5.67	4.87	-14.1%
Early Stage Seed Investment Credit			
Number of returns	290	420	44.8%
Amount	1.98	3.67	85.4%
Technology Zone Credit			
Number of returns	<5	<5	-
Amount	0.02	0.00	-100.0%
Capital Investment Credit			
Number of returns	<5	-	-
Amount	0.08	-	-
Manufacturing Investment Credit			
Number of returns	220	80	-63.6%
Amount	0.39	0.33	-15.4%
Economic Development Tax Credit			
Number of returns	480	300	-37.5%
Amount	4.11	2.53	-38.4%
Community Rehabilitation Program Credit			
Number of returns	130	150	15.4%
Amount	0.06	0.07	16.7%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2015 AND 2016**  
**(dollar amounts in millions)**

	Tax Year 2015	Tax Year 2016	Percent Change
<b>Manufacturing Credit<sup>2</sup></b>			
Number of returns	6,080	6,430	5.8%
Amount	132.80	205.00	54.4%
<b>Agriculture Credit</b>			
Number of returns	5,310	5,310	0.0%
Amount	15.84	16.56	4.5%
<b>Research Expense Credits</b>			
Number of returns	2,700	2,720	0.7%
Amount	13.99	14.19	1.4%
<b>Refundable Credits</b>	<b>238.73</b>	<b>230.98</b>	<b>-3.2%</b>
<b>Earned Income Credit</b>			
Number of returns	252,900	245,880	-2.8%
Amount	99.72	97.82	-1.9%
<b>Homestead Credit</b>			
Number of returns	183,530	174,930	-4.7%
Amount	93.87	89.32	-4.8%
<b>Farmland Preservation Credit</b>			
Number of returns	13,280	11,750	-11.5%
Amount	18.02	16.38	-9.1%
<b>Veterans Property Tax Credit</b>			
Number of returns	8,730	9,310	6.6%
Amount	25.32	27.46	8.5%
<b>Enterprise Zone Jobs Credit</b>			
Number of returns	23	31	34.8%
Amount	0.09	1.41	1466.7%
<b>Jobs Tax Credit</b>			
Number of returns	60	20	-66.7%
Amount	1.71	0.59	-65.5%
<b>Business Development Credit</b>			
Number of returns	-	80	-
Amount	-	1.92	-

<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 2015, the credit was equal to 5.025% of qualifying income and in 2016 it was equal to 7.5% of qualifying income.

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2015 AND 2016**  
**(dollar amounts in millions)**

	Tax Year 2015	Tax Year 2016	Percent Change
<b>Other</b>			
<b>Use Tax</b>			
Number of returns	61,700	57,270	-7.2%
Amount	3.40	3.29	-3.2%
<b>Endangered Resources Donation</b>			
Number of returns	12,850	13,430	4.5%
Amount	0.25	0.29	14.7%
<b>Cancer Research Donation</b>			
Number of returns	9,060	9,010	-0.6%
Amount	0.15	0.17	7.8%
<b>Veterans Trust Fund Donation</b>			
Number of returns	7,060	6,830	-3.3%
Amount	0.11	0.11	-4.5%
<b>Multiple Sclerosis Donation</b>			
Number of returns	5,120	4,980	-2.7%
Amount	0.07	0.08	5.6%
<b>Military Family Relief Fund</b>			
Number of returns	7,190	6,910	-3.9%
Amount	0.12	0.12	0.8%
<b>Second Harvest Food Bank</b>			
Number of returns	7,840	7,900	0.8%
Amount	0.14	0.16	8.4%
<b>Red Cross Donation</b>			
Number of returns	6,390	6,400	0.2%
Amount	0.09	0.10	16.3%
<b>Special Olympics Donation</b>			
Number of returns	6,300	6,210	-1.4%
Amount	0.09	0.10	6.7%

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 2016 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 2016. The tables show the following:

- About 47.8% of tax filers had WAGI less than \$30,000, but they accounted for only 9.4% 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 13.5% of total WAGI and paid 17.4% of net tax. Tax filers with WAGI between \$100,000 and \$500,000 accounted for 12.5% of all filers, 36.6% of total WAGI, and 43.3% of net tax.
- The \$30,000 – \$50,000 income class accounted for roughly 18.0% of filers, 12.9% of total WAGI, and 9.3% of net tax.
- Those in the \$50,000 – \$100,000 income class were 21.2% of all filers, 27.6% of total WAGI, and 27.1% 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 5.6% 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. It will be eliminated after tax year 2018.

**TABLE 2A**  
**DISTRIBUTION OF TAX FILERS, WAGI, AND TAX BY WAGI CLASS, TAX YEAR 2016**

WAGI Class	All Tax Filers		Wis. Adjusted Gross Income (WAGI)		
	Count	%	Total Amount (\$)	%	Average (\$)
Less than \$0	55,250	1.8%	(1,432,941,120)	-0.9%	(25,940)
\$0 - <5,000	417,080	13.7	658,207,590	0.4	1,580
\$5,000 - <10,000	239,840	7.9	1,777,730,370	1.1	7,410
\$10,000 - <15,000	198,690	6.5	2,473,848,960	1.5	12,450
\$15,000 - <20,000	186,190	6.1	3,254,086,510	2.0	17,480
\$20,000 - <25,000	179,450	5.9	4,036,343,710	2.4	22,490
\$25,000 - <30,000	176,040	5.8	4,837,965,420	2.9	27,480
\$30,000 - <40,000	309,070	10.2	10,764,170,340	6.5	34,830
\$40,000 - <50,000	237,870	7.8	10,646,182,940	6.4	44,760
\$50,000 - <70,000	331,220	10.9	19,634,891,840	11.8	59,280
\$70,000 - <100,000	313,400	10.3	26,211,130,850	15.8	83,630
\$100,000 - <200,000	312,210	10.3	41,357,487,900	24.9	132,470
\$200,000 - <500,000	68,110	2.2	19,420,229,670	11.7	285,150
\$500,000 - 1,000,000	11,570	0.4	7,809,363,470	4.7	674,850
\$1,000,000 and over	5,220	0.2	14,554,570,080	8.8	2,788,770
<b>TOTAL</b>	<b>3,041,210</b>	<b>100.0%</b>	<b>166,003,268,520</b>	<b>100.0%</b>	<b>54,580</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 2016**

WAGI CLASS	Filers with Net Tax		Net Income Tax*			Net Income Tax Rate**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	20	0.0%	(11,410)	0.0%	(480)	0.0%
\$0 - <5,000	42,330	2.0	3,506,470	0.0	80	0.5
\$5,000 - <10,000	28,460	1.3	6,573,310	0.1	230	0.4
\$10,000 - <15,000	85,290	4.0	12,804,990	0.2	150	0.5
\$15,000 - <20,000	126,130	5.8	30,475,560	0.4	240	0.9
\$20,000 - <25,000	147,840	6.9	59,820,400	0.8	400	1.5
\$25,000 - <30,000	158,500	7.3	99,061,870	1.4	630	2.0
\$30,000 - <40,000	300,410	13.9	299,134,130	4.2	1,000	2.8
\$40,000 - <50,000	234,890	10.9	366,869,420	5.1	1,560	3.4
\$50,000 - <70,000	328,160	15.2	774,492,310	10.8	2,360	3.9
\$70,000 - <100,000	311,510	14.4	1,166,994,170	16.3	3,750	4.5
\$100,000 - <200,000	310,030	14.4	2,048,114,530	28.6	6,610	5.0
\$200,000 - <500,000	67,360	3.1	1,059,915,750	14.8	15,740	5.5
\$500,000 - 1,000,000	11,290	0.5	470,580,990	6.6	41,670	6.0
\$1,000,000 and over	4,950	0.2	774,120,350	10.8	156,390	5.3
<b>TOTAL</b>	<b>2,157,170</b>	<b>100.0%</b>	<b>7,172,452,830</b>	<b>100.0%</b>	<b>3,320</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 2016**

WAGI Class	Filers with Minimum Tax		Minimum Tax		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	220	0.6%	245,480	0.8%	1,130
\$0 - <5,000	2,830	8.2	1,424,320	4.6	500
\$5,000 - <10,000	610	1.8	379,720	1.2	620
\$10,000 - <15,000	350	1.0	225,750	0.7	640
\$15,000 - <20,000	220	0.6	136,850	0.4	620
\$20,000 - <25,000	200	0.6	169,030	0.5	870
\$25,000 - <30,000	150	0.4	122,990	0.4	810
\$30,000 - <40,000	260	0.8	271,050	0.9	1,050
\$40,000 - <50,000	200	0.6	246,360	0.8	1,210
\$50,000 - <70,000	310	0.9	314,150	1.0	1,000
\$70,000 - <100,000	290	0.8	404,150	1.3	1,380
\$100,000 - <200,000	1,550	4.5	1,547,440	5.0	1,000
\$200,000 - <500,000	27,110	78.5	23,665,860	76.7	870
\$500,000 - 1,000,000	190	0.6	879,460	2.9	4,680
\$1,000,000 and over	30	0.1	822,610	2.7	24,190
<b>TOTAL</b>	<b>34,520</b>	<b>100.0%</b>	<b>30,855,190</b>	<b>100.0%</b>	<b>890</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 2016**

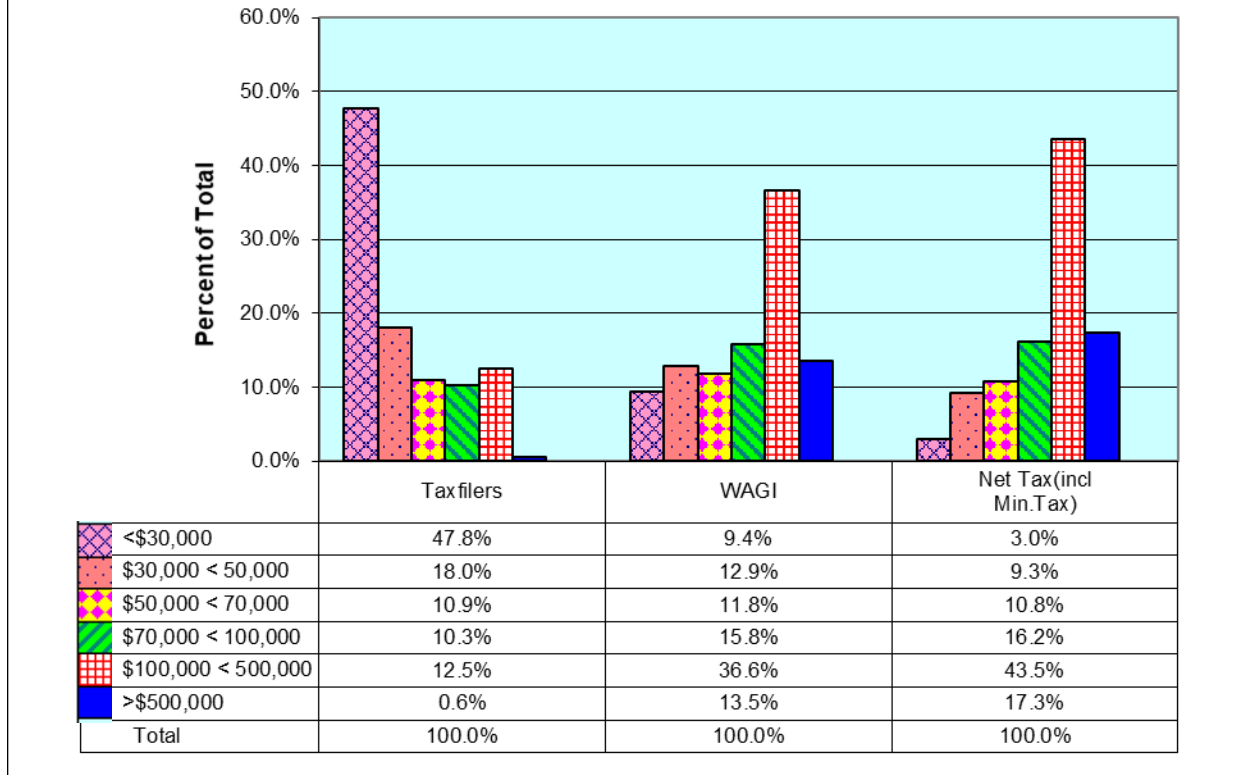
WAGI Class	Tax filers with Net + Minimum Tax		Total Net Tax Liability (Net + Minimum Tax)			Average Tax Rate (%)**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	210	0.0%	234,080	0.0%	1,110	0.0%
\$0 - <5,000	43,040	2.0	4,930,790	0.1	110	0.7
\$5,000 - <10,000	28,500	1.3	6,953,030	0.1	240	0.4
\$10,000 - <15,000	85,310	4.0	13,030,730	0.2	150	0.5
\$15,000 - <20,000	126,150	5.8	30,612,400	0.4	240	0.9
\$20,000 - <25,000	147,830	6.9	59,989,440	0.8	410	1.5
\$25,000 - <30,000	158,500	7.3	99,184,850	1.4	630	2.1
\$30,000 - <40,000	300,400	13.9	299,405,180	4.2	1,000	2.8
\$40,000 - <50,000	234,890	10.9	367,115,780	5.1	1,560	3.4
\$50,000 - <70,000	328,150	15.2	774,806,450	10.8	2,360	3.9
\$70,000 - <100,000	311,500	14.4	1,167,398,310	16.2	3,750	4.5
\$100,000 - <200,000	310,000	14.4	2,049,661,970	28.5	6,610	5.0
\$200,000 - <500,000	66,910	3.1	1,083,581,610	15.0	16,200	5.6
\$500,000 - 1,000,000	11,280	0.5	471,460,440	6.5	41,800	6.0
\$1,000,000 and over	4,950	0.2	774,942,960	10.8	156,590	5.3
<b>TOTAL</b>	<b>2,157,610</b>	<b>100.0%</b>	<b>7,203,308,020</b>	<b>100.0%</b>	<b>3,340</b>	<b>4.34%</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 2016**



### 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 2016. 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 2016**

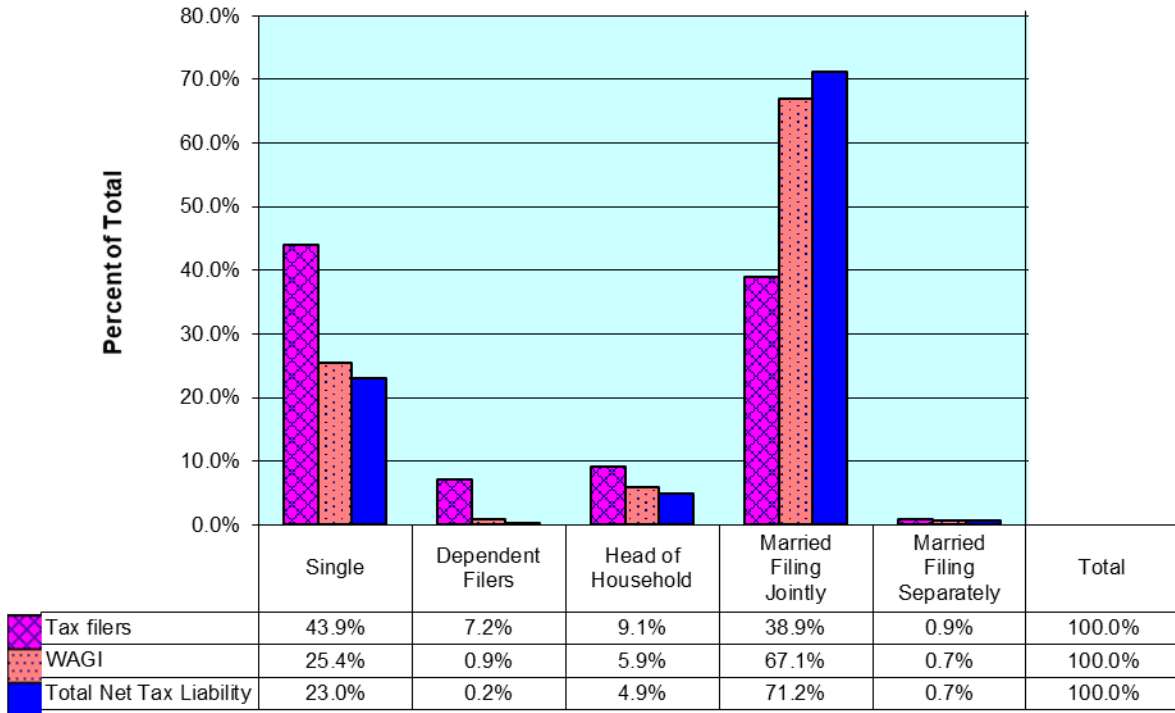
Filing Status	Tax filers		Wisconsin Adjusted Gross Income (WAGI)			Total Net Tax Liability*		Average Tax Rate** (%)
	Count	%	Total (\$ million)	%	Average (\$)	Total (\$ million)	%	
Single	1,336,140	43.9%	42,157.1	25.4%	31,550	1,656.2	23.0%	3.9%
Dependent Filers	219,600	7.2%	1,572.6	0.9%	7,160	14.1	0.2%	0.9%
Head of Household	276,710	9.1%	9,839.6	5.9%	35,560	351.3	4.9%	3.6%
Married Filing Jointly	1,182,550	38.9%	111,327.0	67.1%	94,140	5,129.6	71.2%	4.6%
Married Filing Separately	26,210	0.9%	1,107.1	0.7%	42,240	52.2	0.7%	4.7%
<b>Total</b>	<b>3,041,210</b>	<b>100.0%</b>	<b>166,003.3</b>	<b>100.0%</b>	<b>54,580</b>	<b>7,203.3</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 2016**



## **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 3.04 million tax filers, about 644,000 (21.2%) claim the credit, but 618,000 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 \$262 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 2016**

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	55,250	4,300	7,476,490	0	0.0%	0	0.0%	-	0.0%
\$0 - <5,000	417,080	31,390	99,784,100	13,380	3.2	144,270	0.1	10	0.1
\$5,000 - <10,000	239,840	9,810	2,526,950	7,600	3.2	230,190	0.1	30	9.1
\$10,000 - <15,000	198,690	6,740	1,913,920	5,890	3.0	318,210	0.1	50	16.6
\$15,000 - <20,000	186,190	6,720	3,045,510	6,200	3.3	734,330	0.3	120	24.1
\$20,000 - <25,000	179,450	6,250	2,779,310	6,140	3.4	1,059,940	0.4	170	38.1
\$25,000 - <30,000	176,040	6,370	2,926,340	6,370	3.6	1,503,610	0.6	240	51.4
\$30,000 - <40,000	309,070	14,320	5,880,960	14,320	4.6	4,132,710	1.6	290	70.3
\$40,000 - <50,000	237,870	17,800	5,677,390	17,800	7.5	4,897,710	1.9	280	86.3
\$50,000 - <70,000	331,220	52,570	13,789,620	52,570	15.9	12,888,580	4.9	250	93.5
\$70,000 - <100,000	313,400	124,640	31,873,380	124,640	39.8	31,031,200	11.9	250	97.4
\$100,000 - <200,000	312,210	280,800	114,894,750	280,800	89.9	114,659,470	43.8	410	99.8
\$200,000 - <500,000	68,110	66,000	48,990,990	66,000	96.9	48,984,600	18.7	740	100.0
\$500,000 - 1,000,000	11,570	11,090	14,881,380	11,090	95.9	14,852,960	5.7	1,340	99.8
\$1,000,000 and over	5,220	4,920	26,288,150	4,920	94.3	26,288,150	10.0	5,350	100.0
<b>TOTAL</b>	<b>3,041,210</b>	<b>643,720</b>	<b>382,729,240</b>	<b>617,720</b>	<b>20.3%</b>	<b>261,725,940</b>	<b>100.0%</b>	<b>420</b>	<b>68.4%</b>

### **School Property Tax Credit**

The school property tax credit for tax year 2016 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 3.04 million tax filers, 2.01 million (or 66%) claimed a total of \$480 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, 1.73 million filers were able to use the credit, and the total amount of used credit was \$411 million, or 86% 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 \$411 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 2016**

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	55,250	15,050	3,380,060	220	3,720	631,510	170	18,500	4,011,570
\$0 - <5,000	417,080	64,340	15,085,120	230	46,530	6,625,000	140	108,830	21,710,130
\$5,000 - <10,000	239,840	40,680	9,558,630	230	44,570	5,951,420	130	83,940	15,510,050
\$10,000 - <15,000	198,690	42,030	9,887,780	240	55,400	7,835,700	140	95,980	17,723,480
\$15,000 - <20,000	186,190	46,890	11,129,770	240	62,330	9,600,890	150	107,390	20,730,660
\$20,000 - <25,000	179,450	49,420	11,765,730	240	65,910	10,684,780	160	113,200	22,450,510
\$25,000 - <30,000	176,040	56,220	13,478,190	240	68,980	11,770,250	170	122,580	25,248,440
\$30,000 - <40,000	309,070	119,860	29,066,760	240	115,530	21,063,940	180	229,860	50,130,690
\$40,000 - <50,000	237,870	117,590	29,213,910	250	77,710	15,324,080	200	190,210	44,537,980
\$50,000 - <70,000	331,220	210,500	54,604,590	260	81,600	17,509,650	210	284,390	72,114,240
\$70,000 - <100,000	313,400	247,680	67,612,240	270	45,240	10,521,600	230	286,320	78,133,840
\$100,000 - <200,000	312,210	277,070	79,703,190	290	21,630	5,215,730	240	293,840	84,918,920
\$200,000 - <500,000	68,110	61,020	17,957,140	290	2,550	645,270	250	63,040	18,602,410
\$500,000 - 1,000,000	11,570	10,130	3,006,640	300	240	62,440	260	10,330	3,069,090
\$1,000,000 and over	5,220	4,370	1,297,490	300	70	19,310	270	4,440	1,316,810
<b>TOTAL</b>	<b>3,041,210</b>	<b>1,362,840</b>	<b>356,747,240</b>	<b>260</b>	<b>692,010</b>	<b>123,461,570</b>	<b>180</b>	<b>2,012,830</b>	<b>480,208,820</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 2016**

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	3,180	0.8	44,840	0.0%	10	0.2
\$5,000 - <10,000	4,860	2.0	153,440	0.0%	30	1.0
\$10,000 - <15,000	50,220	25.3	3,506,540	0.9%	70	19.8
\$15,000 - <20,000	84,830	45.6	12,814,510	3.1%	150	61.8
\$20,000 - <25,000	107,580	59.9	17,838,920	4.3%	170	79.5
\$25,000 - <30,000	121,960	69.3	24,500,690	6.0%	200	97.0
\$30,000 - <40,000	229,080	74.1	49,871,350	12.1%	220	99.5
\$40,000 - <50,000	189,870	79.8	44,431,960	10.8%	230	99.8
\$50,000 - <70,000	284,130	85.8	72,032,990	17.5%	250	99.9
\$70,000 - <100,000	286,220	91.3	78,102,530	19.0%	270	100.0
\$100,000 - <200,000	293,810	94.1	84,910,310	20.6%	290	100.0
\$200,000 - <500,000	63,030	92.5	18,601,810	4.5%	300	100.0
\$500,000 - 1,000,000	10,330	89.3	3,068,790	0.7%	300	100.0
\$1,000,000 and over	4,440	85.1	1,316,810	0.3%	300	100.0
<b>TOTAL</b>	<b>1,733,550</b>	<b>57.0%</b>	<b>411,195,480</b>	<b>100.0%</b>	<b>240</b>	<b>85.6%</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 2016, 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 2016, as Table 6 shows. About 652,000 married couples were able to use a total of \$264 million in credits to lower their tax liability. Most of the benefits of the married couple credit go to the middle income class, with 85% 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 2016**

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	14,590	1,080	273,650	20	0.1%	5,900	0.0%	350	2.2%
\$0 - <5,000	67,960	2,280	208,380	290	0.4%	15,510	0.0%	50	7.4%
\$5,000 - <10,000	33,660	3,230	283,350	480	1.4%	37,200	0.0%	80	13.1%
\$10,000 - <15,000	32,700	4,520	526,070	570	1.7%	65,630	0.0%	110	12.5%
\$15,000 - <20,000	31,340	6,170	901,110	670	2.1%	95,570	0.0%	140	10.6%
\$20,000 - <25,000	35,110	7,840	1,349,020	2,320	6.6%	240,450	0.1%	100	17.8%
\$25,000 - <30,000	40,880	10,410	2,074,330	8,330	20.4%	1,029,210	0.4%	120	49.6%
\$30,000 - <40,000	84,270	28,350	7,075,980	28,250	33.5%	6,612,060	2.5%	230	93.4%
\$40,000 - <50,000	83,620	38,590	12,003,900	38,560	46.1%	11,985,540	4.5%	310	99.8%
\$50,000 - <70,000	171,390	107,830	41,141,580	107,810	62.9%	41,132,440	15.6%	380	100.0%
\$70,000 - <100,000	236,360	184,410	79,235,570	184,400	78.0%	79,230,640	30.0%	430	100.0%
\$100,000 - <200,000	275,970	230,460	102,948,380	230,460	83.5%	102,948,380	39.0%	450	100.0%
\$200,000 - <500,000	60,260	42,560	18,003,030	42,560	70.6%	18,003,030	6.8%	420	100.0%
\$500,000 - 1,000,000	10,090	5,420	2,100,880	5,420	53.7%	2,100,880	0.8%	390	100.0%
\$1,000,000 and over	4,360	1,920	711,380	1,920	44.0%	711,380	0.3%	370	100.0%
<b>TOTAL</b>	<b>1,182,550</b>	<b>675,060</b>	<b>268,836,600</b>	<b>652,050</b>	<b>55.1%</b>	<b>264,213,810</b>	<b>100.0%</b>	<b>410</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 60% of the total credit. Meanwhile, individuals with income below \$50,000 claim about 5% 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 2016**

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	55,250	40	330,750	-	-	-	-	-	0.8%
\$0 - <5,000	417,080	260	269,700	220	0.1%	56,700	0.0%	260	21.0%
\$5,000 - <10,000	239,840	390	48,680	370	0.2%	44,250	0.0%	120	90.9%
\$10,000 - <15,000	198,690	1,840	179,190	1,840	0.9%	169,550	0.1%	90	94.6%
\$15,000 - <20,000	186,190	2,170	447,890	2,170	1.2%	444,540	0.2%	200	99.3%
\$20,000 - <25,000	179,450	2,360	832,700	2,350	1.3%	809,060	0.3%	340	97.2%
\$25,000 - <30,000	176,040	2,870	1,449,840	2,870	1.6%	1,439,290	0.5%	500	99.3%
\$30,000 - <40,000	309,070	5,940	4,352,950	5,940	1.9%	4,345,690	1.5%	730	99.8%
\$40,000 - <50,000	237,870	5,720	5,987,910	5,700	2.4%	5,977,040	2.0%	1,050	99.8%
\$50,000 - <70,000	331,220	10,720	15,224,080	10,710	3.2%	15,204,550	5.2%	1,420	99.9%
\$70,000 - <100,000	313,400	13,760	27,093,020	13,750	4.4%	27,062,580	9.2%	1,970	99.9%
\$100,000 - <200,000	312,210	19,550	63,587,960	19,520	6.3%	63,523,440	21.6%	3,250	99.9%
\$200,000 - <500,000	68,110	7,310	39,948,320	7,260	10.7%	39,665,390	13.5%	5,460	99.3%
\$500,000 - 1,000,000	11,570	2,290	23,443,670	2,250	19.5%	22,662,400	7.7%	10,060	96.7%
\$1,000,000 and over	5,220	1,800	116,287,280	1,770	33.9%	112,023,420	38.2%	63,330	96.3%
<b>TOTAL</b>	<b>3,041,210</b>	<b>77,010</b>	<b>299,483,920</b>	<b>76,720</b>	<b>2.5%</b>	<b>293,430,480</b>	<b>100.0%</b>	<b>3,820</b>	<b>98.0%</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, the development zone credits, and the technology zone credit have been excluded from the tables. In these 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 3,030 filers at a cost of \$850,000. About 67% 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 2016**

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	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	<5	0.0%	10	0.0%	-
\$5,000 - <10,000	239,840	<5	0.0%	640	0.1%	-
\$10,000 - <15,000	198,690	140	0.1%	11,720	1.4%	80
\$15,000 - <20,000	186,190	260	0.1%	64,030	7.5%	250
\$20,000 - <25,000	179,450	580	0.3%	163,300	19.1%	280
\$25,000 - <30,000	176,040	530	0.3%	153,130	17.9%	290
\$30,000 - <40,000	309,070	600	0.2%	180,670	21.1%	300
\$40,000 - <50,000	237,870	320	0.1%	98,740	11.6%	310
\$50,000 - <70,000	331,220	320	0.1%	96,740	11.3%	300
\$70,000 - <100,000	313,400	180	0.1%	55,550	6.5%	310
\$100,000 - <200,000	312,210	90	0.0%	27,320	3.2%	300
\$200,000 - <500,000	68,110	10	0.0%	3,020	0.4%	300
\$500,000 - <1,000,000	11,570	-	0.0%	-	0.0%	-
\$1,000,000 and over	5,220	-	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>3,041,210</b>	<b>3,030</b>	<b>0.1%</b>	<b>854,880</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 2016, 260 filers benefited from it at a total cost of approximately \$80,000

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 2016**

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	55,250	-	-	-	-	-
\$0 - <5,000	417,080	70	0.0%	7,510	9.8%	110
\$5,000 - <10,000	239,840	70	0.0%	16,620	21.7%	230
\$10,000 - <15,000	198,690	60	0.0%	25,030	32.6%	420
\$15,000 - <20,000	186,190	60	0.0%	27,530	35.9%	440
\$20,000 - <25,000	179,450	-	-	-	-	-
\$25,000 - <30,000	176,040	-	-	-	-	-
\$30,000 - <40,000	309,070	-	-	-	-	-
\$40,000 - <50,000	237,870	-	-	-	-	-
\$50,000 - <70,000	331,220	-	-	-	-	-
\$70,000 - <100,000	313,400	-	-	-	-	-
\$100,000 - <200,000	312,210	-	-	-	-	-
\$200,000 - <500,000	68,110	-	-	-	-	-
\$500,000 - <1,000,000	11,570	-	-	-	-	-
\$1,000,000 and over	5,220	-	-	-	-	-
<b>TOTAL</b>	<b>3,041,210</b>	<b>260</b>	<b>0.0%</b>	<b>76,690</b>	<b>100.0%</b>	<b>300</b>

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

The historic credits (see Table 8C) were used by 300 tax filers, totaling \$2.0 million for an average credit of \$6,600. 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 prior 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 2016**

WAGI Class	Tax filers	Used Historic Credits				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	-	0.0%	-	0.0%	-
\$5,000 - <10,000	239,840	-	0.0%	-	0.0%	-
\$10,000 - <15,000	198,690	-	0.0%	-	0.0%	-
\$15,000 - <20,000	186,190	-	0.0%	-	0.0%	-
\$20,000 - <25,000	179,450	<5	0.0%	230	0.0%	-
\$25,000 - <30,000	176,040	<5	0.0%	1,400	0.1%	-
\$30,000 - <40,000	309,070	10	0.0%	6,450	0.3%	650
\$40,000 - <50,000	237,870	10	0.0%	10,270	0.5%	1,030
\$50,000 - <70,000	331,220	30	0.0%	57,740	2.9%	1,920
\$70,000 - <100,000	313,400	40	0.0%	124,910	6.3%	3,120
\$100,000 - <200,000	312,210	100	0.0%	404,380	20.4%	4,040
\$200,000 - <500,000	68,110	80	0.1%	729,550	36.9%	9,120
\$500,000 - <1,000,000	11,570	10	0.1%	194,230	9.8%	19,420
\$1,000,000 and over	5,220	10	0.2%	449,500	22.7%	44,950
<b>TOTAL</b>	<b>3,041,210</b>	<b>300</b>	<b>0.0%</b>	<b>1,978,640</b>	<b>100.0%</b>	<b>6,600</b>

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

The angel investment credit (see Table 8D) benefited 480 tax filers at a cost of \$4.9 million for an average credit of \$10,150. About 96% of this credit went to filers with income of \$100,000 or more, and 68% 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 2016.

**TABLE 8D  
DISTRIBUTION OF ANGEL INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

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	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	<5	0.0%	7,130	0.1%	-
\$5,000 - <10,000	239,840	10	0.0%	2,000	0.0%	200
\$10,000 - <15,000	198,690	<5	0.0%	590	0.0%	-
\$15,000 - <20,000	186,190	<5	0.0%	150	0.0%	-
\$20,000 - <25,000	179,450	<5	0.0%	890	0.0%	-
\$25,000 - <30,000	176,040	<5	0.0%	540	0.0%	-
\$30,000 - <40,000	309,070	<5	0.0%	35,590	0.7%	-
\$40,000 - <50,000	237,870	<5	0.0%	8,030	0.2%	-
\$50,000 - <70,000	331,220	20	0.0%	37,120	0.8%	1,860
\$70,000 - <100,000	313,400	40	0.0%	126,460	2.6%	3,160
\$100,000 - <200,000	312,210	90	0.0%	402,560	8.3%	4,470
\$200,000 - <500,000	68,110	140	0.2%	919,600	18.9%	6,570
\$500,000 - <1,000,000	11,570	80	0.7%	1,009,190	20.7%	12,610
\$1,000,000 and over	5,220	90	1.7%	2,321,650	47.7%	25,800
<b>TOTAL</b>	<b>3,041,210</b>	<b>480</b>	<b>0.0%</b>	<b>4,871,530</b>	<b>100.0%</b>	<b>10,150</b>

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

The early stage seed investment credit (see Table 8E) was used by 420 tax filers at a cost of \$3.7 million. The average credit was \$8,730. Filers with incomes of \$200,000 or more accounted for 95% 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 8E  
DISTRIBUTION OF SEED INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

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	55,250	<5	0.0%	290	0.0%	-
\$0 - <5,000	417,080	10	0.0%	560	0.0%	60
\$5,000 - <10,000	239,840	<5	0.0%	350	0.0%	-
\$10,000 - <15,000	198,690	<5	0.0%	310	0.0%	-
\$15,000 - <20,000	186,190	<5	0.0%	40	0.0%	-
\$20,000 - <25,000	179,450	-	0.0%	-	0.0%	-
\$25,000 - <30,000	176,040	<5	0.0%	6,780	0.2%	-
\$30,000 - <40,000	309,070	<5	0.0%	840	0.0%	-
\$40,000 - <50,000	237,870	<5	0.0%	1,610	0.0%	-
\$50,000 - <70,000	331,220	10	0.0%	7,850	0.2%	790
\$70,000 - <100,000	313,400	20	0.0%	32,720	0.9%	1,640
\$100,000 - <200,000	312,210	60	0.0%	135,470	3.7%	2,260
\$200,000 - <500,000	68,110	120	0.2%	511,340	13.9%	4,260
\$500,000 - <1,000,000	11,570	80	0.7%	637,890	17.4%	7,970
\$1,000,000 and over	5,220	100	1.9%	2,330,180	63.6%	23,300
<b>TOTAL</b>	<b>3,041,210</b>	<b>420</b>	<b>0.0%</b>	<b>3,666,220</b>	<b>100.0%</b>	<b>8,730</b>

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

The manufacturing investment credit (see Table 8F) was used by 80 tax filers at a cost of \$330,000. The average credit was \$4,070. Filers with incomes of \$1,000,000 or more accounted for 89% 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 8F  
DISTRIBUTION OF MANUFACTURING INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

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	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	<5	0.0%	200	0.1%	-
\$5,000 - <10,000	239,840	<5	0.0%	640	0.2%	-
\$10,000 - <15,000	198,690	<5	0.0%	2,640	0.8%	-
\$15,000 - <20,000	186,190	<5	0.0%	940	0.3%	-
\$20,000 - <25,000	179,450	-	0.0%	-	0.0%	-
\$25,000 - <30,000	176,040	-	0.0%	-	0.0%	-
\$30,000 - <40,000	309,070	<5	0.0%	1,220	0.4%	-
\$40,000 - <50,000	237,870	-	0.0%	-	0.0%	-
\$50,000 - <70,000	331,220	<5	0.0%	20	0.0%	-
\$70,000 - <100,000	313,400	-	0.0%	-	0.0%	-
\$100,000 - <200,000	312,210	10	0.0%	7,550	2.3%	760
\$200,000 - <500,000	68,110	10	0.0%	9,420	2.9%	940
\$500,000 - <1,000,000	11,570	10	0.1%	14,540	4.5%	1,450
\$1,000,000 and over	5,220	40	0.8%	288,090	88.6%	7,200
<b>TOTAL</b>	<b>3,041,210</b>	<b>80</b>	<b>0.0%</b>	<b>325,270</b>	<b>100.0%</b>	<b>4,070</b>

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



The economic development credit (see Table 8G) was used by 300 tax filers at a cost of \$2.5 million. The average credit was \$8,430. 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 8G  
DISTRIBUTION OF THE ECONOMIC DEVELOPMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

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	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	<5	0.0%	510	0.0%	-
\$5,000 - <10,000	239,840	<5	0.0%	850	0.0%	-
\$10,000 - <15,000	198,690	<5	0.0%	580	0.0%	-
\$15,000 - <20,000	186,190	-	0.0%	-	0.0%	-
\$20,000 - <25,000	179,450	-	0.0%	-	0.0%	-
\$25,000 - <30,000	176,040	-	0.0%	-	0.0%	-
\$30,000 - <40,000	309,070	<5	0.0%	20	0.0%	-
\$40,000 - <50,000	237,870	<5	0.0%	3,870	0.2%	-
\$50,000 - <70,000	331,220	10	0.0%	3,600	0.1%	360
\$70,000 - <100,000	313,400	20	0.0%	13,200	0.5%	660
\$100,000 - <200,000	312,210	80	0.0%	108,950	4.3%	1,360
\$200,000 - <500,000	68,110	80	0.1%	258,290	10.2%	3,230
\$500,000 - <1,000,000	11,570	50	0.4%	300,330	11.9%	6,010
\$1,000,000 and over	5,220	60	1.1%	1,839,140	72.7%	30,650
<b>TOTAL</b>	<b>3,041,210</b>	<b>300</b>	<b>0.0%</b>	<b>2,529,350</b>	<b>100.0%</b>	<b>8,430</b>

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

The community rehabilitation program credit (see Table 8H) was used by 150 tax filers at a cost of \$73,000. The average credit was \$480. Filers with incomes of \$200,000 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 COMMUNITY REHABILITATION PROGRAM CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

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	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	-	0.0%	-	0.0%	-
\$5,000 - <10,000	239,840	<5	0.0%	1,070	1.5%	-
\$10,000 - <15,000	198,690	<5	0.0%	490	0.7%	-
\$15,000 - <20,000	186,190	-	0.0%	-	0.0%	-
\$20,000 - <25,000	179,450	<5	0.0%	10	0.0%	-
\$25,000 - <30,000	176,040	-	0.0%	-	0.0%	-
\$30,000 - <40,000	309,070	<5	0.0%	410	0.6%	-
\$40,000 - <50,000	237,870	-	0.0%	-	0.0%	-
\$50,000 - <70,000	331,220	<5	0.0%	90	0.1%	-
\$70,000 - <100,000	313,400	<5	0.0%	4,210	5.8%	-
\$100,000 - <200,000	312,210	20	0.0%	4,990	6.9%	250
\$200,000 - <500,000	68,110	40	0.1%	14,740	20.3%	370
\$500,000 - <1,000,000	11,570	30	0.3%	4,950	6.8%	170
\$1,000,000 and over	5,220	40	0.8%	41,760	57.4%	1,040
<b>TOTAL</b>	<b>3,041,210</b>	<b>150</b>	<b>0.0%</b>	<b>72,730</b>	<b>100.0%</b>	<b>480</b>

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

The manufacturing portion of the manufacturing and agriculture credit (see Table 8I) was used by 6,430 tax filers at a cost of \$205 million. The average credit was \$31,880. 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 8I**  
**DISTRIBUTION OF THE MANUFACTURING CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

WAGI Class	Tax filers	Used Manufacturing Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	55,250	<5	0.0%	-	0.0%	-
\$0 - <5,000	417,080	170	0.0%	27,620	0.0%	160
\$5,000 - <10,000	239,840	160	0.1%	66,530	0.0%	420
\$10,000 - <15,000	198,690	70	0.0%	46,020	0.0%	660
\$15,000 - <20,000	186,190	70	0.0%	61,490	0.0%	880
\$20,000 - <25,000	179,450	70	0.0%	58,790	0.0%	840
\$25,000 - <30,000	176,040	60	0.0%	59,990	0.0%	1,000
\$30,000 - <40,000	309,070	150	0.0%	127,370	0.1%	850
\$40,000 - <50,000	237,870	150	0.1%	189,970	0.1%	1,270
\$50,000 - <70,000	331,220	260	0.1%	368,770	0.2%	1,420
\$70,000 - <100,000	313,400	380	0.1%	730,340	0.4%	1,920
\$100,000 - <200,000	312,210	1,210	0.4%	4,555,960	2.2%	3,770
\$200,000 - <500,000	68,110	1,620	2.4%	16,352,570	8.0%	10,090
\$500,000 - <1,000,000	11,570	970	8.4%	24,535,970	12.0%	25,290
\$1,000,000 and over	5,220	1,110	21.3%	157,820,440	77.0%	142,180
<b>TOTAL</b>	<b>3,041,210</b>	<b>6,430</b>	<b>0.2%</b>	<b>205,002,850</b>	<b>100.0%</b>	<b>31,880</b>

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

The agriculture portion of the manufacturing and agriculture credit (see Table 8J) was used by 5,310 tax filers at a cost of \$17 million. The average credit was \$3,120. Filers with incomes of \$100,000 or more accounted for 68% 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 AGRICULTURE CREDIT BY WAGI CLASS FOR TAX YEAR 2016**

WAGI Class	Tax filers	Used Agriculture Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	55,250	<5	0.0%	2,550	0.0%	-
\$0 - <5,000	417,080	20	0.0%	22,620	0.1%	1,130
\$5,000 - <10,000	239,840	<5	0.0%	3,060	0.0%	-
\$10,000 - <15,000	198,690	90	0.0%	9,400	0.1%	100
\$15,000 - <20,000	186,190	120	0.1%	25,010	0.2%	210
\$20,000 - <25,000	179,450	170	0.1%	52,020	0.3%	310
\$25,000 - <30,000	176,040	280	0.2%	87,130	0.5%	310
\$30,000 - <40,000	309,070	700	0.2%	373,590	2.3%	530
\$40,000 - <50,000	237,870	680	0.3%	657,540	4.0%	970
\$50,000 - <70,000	331,220	1,040	0.3%	1,667,360	10.1%	1,600
\$70,000 - <100,000	313,400	940	0.3%	2,345,460	14.2%	2,500
\$100,000 - <200,000	312,210	870	0.3%	3,583,410	21.6%	4,120
\$200,000 - <500,000	68,110	270	0.4%	2,727,010	16.5%	10,100
\$500,000 - <1,000,000	11,570	70	0.6%	1,760,380	10.6%	25,150
\$1,000,000 and over	5,220	40	0.8%	3,245,530	19.6%	81,140
<b>TOTAL</b>	<b>3,041,210</b>	<b>5,310</b>	<b>0.2%</b>	<b>16,562,050</b>	<b>100.0%</b>	<b>3,120</b>

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

The research credits (see Table 8K) were used by 2,720 tax filers at a cost of \$14 million. Credits may be claimed for qualified research expenses as defined under federal law, for qualified research expenses for activities related to internal combustion engines, and qualified research expenses for activities related to energy efficient products. The average credit was \$5,220. Filers with incomes of \$500,000 or more accounted for 81% of the credit amounts. The credits were also available to corporations, so the table does not reflect all credit claimants.

**TABLE 8K  
DISTRIBUTION OF THE RESEARCH CREDITS BY WAGI CLASS FOR TAX YEAR 2016**

WAGI Class	Tax filers	Used Research Credits				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	55,250	-	0.0%	-	0.0%	-
\$0 - <5,000	417,080	30	0.0%	17,750	0.1%	590
\$5,000 - <10,000	239,840	30	0.0%	6,280	0.0%	210
\$10,000 - <15,000	198,690	20	0.0%	6,560	0.0%	330
\$15,000 - <20,000	186,190	10	0.0%	3,890	0.0%	390
\$20,000 - <25,000	179,450	20	0.0%	13,870	0.1%	690
\$25,000 - <30,000	176,040	10	0.0%	17,920	0.1%	1,790
\$30,000 - <40,000	309,070	30	0.0%	23,030	0.2%	770
\$40,000 - <50,000	237,870	30	0.0%	25,820	0.2%	860
\$50,000 - <70,000	331,220	70	0.0%	52,620	0.4%	750
\$70,000 - <100,000	313,400	120	0.0%	98,910	0.7%	820
\$100,000 - <200,000	312,210	490	0.2%	700,550	4.9%	1,430
\$200,000 - <500,000	68,110	720	1.1%	1,800,580	12.7%	2,500
\$500,000 - <1,000,000	11,570	470	4.1%	2,071,980	14.6%	4,410
\$1,000,000 and over	5,220	660	12.6%	9,352,340	65.9%	14,170
<b>TOTAL</b>	<b>3,041,210</b>	<b>2,720</b>	<b>0.1%</b>	<b>14,192,080</b>	<b>100.0%</b>	<b>5,220</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 jobs tax credit, and the business development 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-9D provide information on the veterans and surviving spouses property tax credit, the enterprise zone jobs credit, the jobs tax credit, and the business development 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, 9,310 tax filers claimed the credit in tax year 2016 at a total cost to the state of \$27.5 million. Seventy six percent of the credit was used by claimants with income below \$40,000. The average credit was \$2,950.

**TABLE 9A  
VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT, BY INCOME CLASS, TAX YEAR 2016**

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	55,250	400	0.7%	1,076,980	3.9%	2,690
\$0 - <5,000	417,080	3,290	0.8%	8,167,510	29.7%	2,480
\$5,000 - <10,000	239,840	880	0.4%	2,431,840	8.9%	2,760
\$10,000 - <15,000	198,690	690	0.3%	1,939,750	7.1%	2,810
\$15,000 - <20,000	186,190	590	0.3%	1,772,260	6.5%	3,000
\$20,000 - <25,000	179,450	490	0.3%	1,498,520	5.5%	3,060
\$25,000 - <30,000	176,040	510	0.3%	1,557,450	5.7%	3,050
\$30,000 - <40,000	309,070	710	0.2%	2,247,360	8.2%	3,170
\$40,000 - <50,000	237,870	520	0.2%	1,745,030	6.4%	3,360
\$50,000 - <70,000	331,220	610	0.2%	2,183,820	8.0%	3,580
\$70,000 - <100,000	313,400	370	0.1%	1,464,670	5.3%	3,960
\$100,000 - <200,000	312,210	220	0.1%	1,098,440	4.0%	4,990
\$200,000 - <500,000	68,110	40	0.1%	231,590	0.8%	5,790
\$500,000 - <1,000,000	11,570	<5	0.0%	22,970	0.1%	-
\$1,000,000 and over	5,220	<5	0.0%	19,910	0.1%	-
<b>TOTAL</b>	<b>3,041,210</b>	<b>9,310</b>	<b>0.3%</b>	<b>27,458,070</b>	<b>100.0%</b>	<b>2,950</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 WEDC. WEDC may certify businesses for tax benefits based on activities in the designated zones, including creating or retaining jobs, making significant capital investments, conducting employee training, and maintaining a supply chain in Wisconsin. 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 2016 at a cost to the state of \$1.4 million. 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 2016**

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	2,644,100	20	0.0%	1,370,100	96.8%	68,510
\$100,000 and over	397,110	10	0.0%	44,650	3.2%	4,470
<b>TOTAL</b>	<b>3,041,210</b>	<b>30</b>	<b>0.0%</b>	<b>1,414,740</b>	<b>100.0%</b>	<b>47,160</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 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 20 individual tax filers claimed the credit in tax year 2016 at a cost to the state of \$590,000. 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 2016**

WAGI CLASS	TAXFILERS Count	JOBS TAX CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
		Count	as % of filers in income class	(\$)	%	
Less than \$100,000	2,644,100	>5	0.0%	17,020	2.9%	-
\$100,000 and over	397,110	20	0.0%	575,690	97.1%	28,790
<b>TOTAL</b>	<b>3,041,210</b>	<b>20</b>	<b>0.0%</b>	<b>592,710</b>	<b>100.0%</b>	<b>29,640</b>

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



For tax years 2016 and thereafter, the business development tax credit was created to replace the jobs tax credit and the nonrefundable economic development credit. Under the replacement program WEDC may certify individuals to receive credits based on certain employment and investment in Wisconsin businesses. As shown in Table 9D, the credit is targeted at a relatively small number of taxpayers. Only 80 individual tax filers claimed the credit in tax year 2016 at a cost to the state of \$1.9 million. The credit was also available to corporations, so the table does not reflect all credit claimants.

**TABLE 9D  
BUSINESS DEVELOPMENT CREDIT, BY INCOME CLASS, TAX YEAR 2016**

WAGI CLASS	TAXFILERS Count	BUSINESS DEVELOPMENT TAX CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
		Count	as % of filers in income class	(\$)	%	
Less than \$100,000	2,644,100	20	0.0%	65,730	3.4%	3,290
\$100,000 and over	397,110	60	0.0%	1,856,580	96.6%	30,940
TOTAL	3,041,210	80	0.0%	1,922,320	100.0%	24,030

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 1.9% of filers (57,000) report use tax. Total use tax collected through the income tax return amounted to \$3.3 million, for an average of \$60. The reporting rate increases with income.

**TABLE 10  
USE TAX FOR TAX YEAR 2016**

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	55,250	360	0.7%	23,490	0.7%	60
\$0 - <5,000	417,080	1,970	0.5%	85,570	2.6%	40
\$5,000 - <10,000	239,840	1,790	0.7%	71,310	2.2%	40
\$10,000 - <15,000	198,690	1,770	0.9%	70,040	2.1%	40
\$15,000 - <20,000	186,190	2,020	1.1%	88,840	2.7%	40
\$20,000 - <25,000	179,450	2,080	1.2%	93,510	2.8%	40
\$25,000 - <30,000	176,040	2,370	1.3%	98,850	3.0%	40
\$30,000 - <40,000	309,070	4,810	1.6%	216,990	6.6%	50
\$40,000 - <50,000	237,870	4,620	1.9%	218,820	6.7%	50
\$50,000 - <70,000	331,220	8,010	2.4%	387,070	11.8%	50
\$70,000 - <100,000	313,400	9,270	3.0%	465,230	14.2%	50
\$100,000 - <200,000	312,210	12,550	4.0%	757,080	23.0%	60
\$200,000 - <500,000	68,110	4,110	6.0%	360,250	11.0%	90
\$500,000 - 1,000,000	11,570	1,010	8.7%	159,060	4.8%	160
\$1,000,000 and over	5,220	550	10.5%	190,500	5.8%	350
<b>TOTAL</b>	<b>3,041,210</b>	<b>57,270</b>	<b>1.9%</b>	<b>3,286,610</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 2016, 13,430 filers donated a total of about \$289,000 or an average of \$21 for every donor. The average ranged from \$11 for incomes below \$10,000 to \$1,156 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 2016**

WAGI Class	Tax filers	Endangered Resources Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	60	0.1%	990	0.3%	17
\$0 - <5,000	417,080	520	0.1%	6,590	2.3%	13
\$5,000 - <10,000	239,840	660	0.3%	7,090	2.5%	11
\$10,000 - <15,000	198,690	710	0.4%	9,390	3.3%	13
\$15,000 - <20,000	186,190	750	0.4%	10,180	3.5%	14
\$20,000 - <25,000	179,450	760	0.4%	11,090	3.8%	15
\$25,000 - <30,000	176,040	770	0.4%	11,110	3.8%	14
\$30,000 - <40,000	309,070	1,360	0.4%	21,310	7.4%	16
\$40,000 - <50,000	237,870	1,310	0.6%	25,830	9.0%	20
\$50,000 - <70,000	331,220	1,860	0.6%	36,370	12.6%	20
\$70,000 - <100,000	313,400	1,940	0.6%	47,650	16.5%	25
\$100,000 - <200,000	312,210	2,250	0.7%	61,160	21.2%	27
\$200,000 - <500,000	68,110	420	0.6%	23,910	8.3%	57
\$500,000 - 1,000,000	11,570	50	0.4%	4,400	1.5%	88
\$1,000,000 and over	5,220	10	0.3%	11,560	4.0%	1,156
<b>TOTAL</b>	<b>3,041,210</b>	<b>13,430</b>	<b>0.4%</b>	<b>288,600</b>	<b>100.0%</b>	<b>21</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 9,010 filers gave a total of \$165,000 for an average of \$18. Donors with income below \$100,000 gave \$17 on average, while donors with income \$100,000 or more donated \$26 on average.

**TABLE 11B  
CANCER RESEARCH DONATION FOR TAX YEAR 2016**

WAGI Class	Tax filers	Cancer Research Donation				Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	55,250	50	0.1%	620	0.4%	12
\$0 - <5,000	417,080	420	0.1%	4,340	2.6%	10
\$5,000 - <10,000	239,840	510	0.2%	6,600	4.0%	13
\$10,000 - <15,000	198,690	550	0.3%	6,530	4.0%	12
\$15,000 - <20,000	186,190	600	0.3%	8,420	5.1%	14
\$20,000 - <25,000	179,450	580	0.3%	8,790	5.3%	15
\$25,000 - <30,000	176,040	580	0.3%	10,370	6.3%	18
\$30,000 - <40,000	309,070	1,020	0.3%	16,360	9.9%	16
\$40,000 - <50,000	237,870	850	0.4%	13,800	8.4%	16
\$50,000 - <70,000	331,220	1,130	0.3%	24,260	14.7%	21
\$70,000 - <100,000	313,400	1,120	0.4%	22,760	13.8%	20
\$100,000 - <200,000	312,210	1,340	0.4%	32,560	19.7%	24
\$200,000 - <500,000	68,110	250	0.4%	8,600	5.2%	34
\$500,000 - <1,000,000	11,570	20	0.2%	760	0.5%	38
\$1,000,000 and over	5,220	<5	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>3,041,210</b>	<b>9,010</b>	<b>0.3%</b>	<b>165,210</b>	<b>100.0%</b>	<b>18</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 6,830 filers who gave a total of \$106,000 for an average of \$15 per return. Donors with income above \$200,000 donated the most on average at about \$55 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 2016**

WAGI Class	Tax filers	Veterans Trust Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	50	0.1%	980	0.9%	20
\$0 - <5,000	417,080	300	0.1%	2,840	2.7%	9
\$5,000 - <10,000	239,840	360	0.1%	3,360	3.2%	9
\$10,000 - <15,000	198,690	390	0.2%	4,630	4.4%	12
\$15,000 - <20,000	186,190	420	0.2%	5,070	4.8%	12
\$20,000 - <25,000	179,450	430	0.2%	5,240	5.0%	12
\$25,000 - <30,000	176,040	430	0.2%	5,990	5.7%	14
\$30,000 - <40,000	309,070	760	0.2%	8,620	8.2%	11
\$40,000 - <50,000	237,870	640	0.3%	8,760	8.3%	14
\$50,000 - <70,000	331,220	880	0.3%	12,910	12.2%	15
\$70,000 - <100,000	313,400	890	0.3%	13,050	12.4%	15
\$100,000 - <200,000	312,210	1,060	0.3%	21,570	20.4%	20
\$200,000 - <500,000	68,110	200	0.3%	11,210	10.6%	56
\$500,000 - <1,000,000	11,570	20	0.2%	400	0.4%	20
\$1,000,000 and over	5,220	10	0.1%	930	0.9%	93
<b>TOTAL</b>	<b>3,041,210</b>	<b>6,830</b>	<b>0.2%</b>	<b>105,550</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 11D reports, there were 4,980 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 11D  
MULTIPLE SCLEROSIS RESEARCH DONATION FOR TAX YEAR 2016**

WAGI Class	Tax filers	Multiple Sclerosis Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	20	0.0%	640	0.9%	32
\$0 - <5,000	417,080	200	0.00%	2,420	3.2%	12
\$5,000 - <10,000	239,840	260	0.10%	2,330	3.1%	9
\$10,000 - <15,000	198,690	270	0.10%	2,510	3.4%	9
\$15,000 - <20,000	186,190	290	0.20%	2,580	3.5%	9
\$20,000 - <25,000	179,450	310	0.20%	3,680	4.9%	12
\$25,000 - <30,000	176,040	330	0.20%	4,410	5.9%	13
\$30,000 - <40,000	309,070	540	0.20%	6,600	8.9%	12
\$40,000 - <50,000	237,870	500	0.20%	7,520	10.1%	15
\$50,000 - <70,000	331,220	660	0.20%	10,670	14.3%	16
\$70,000 - <100,000	313,400	650	0.20%	10,030	13.5%	15
\$100,000 - <200,000	312,210	780	0.20%	15,400	20.7%	20
\$200,000 - <500,000	68,110	150	0.20%	4,130	5.5%	28
\$500,000 - <1,000,000	11,570	20	0.20%	1,020	1.4%	51
\$1,000,000 and over	5,220	<5	0.0%	-	0.0%	-
<b>TOTAL</b>	<b>3,041,210</b>	<b>4,980</b>	<b>0.20%</b>	<b>74,520</b>	<b>100.0%</b>	<b>15</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 6,910 filers who gave a total of \$120,000 for an average of \$17 per return (See Table 11E). Donors with income above \$200,000 donated the most on average at about \$62 per return. Filers with income of less than \$200,000 had average donations of about \$16.

**TABLE 11E  
MILITARY FAMILY RELIEF FUND DONATION, BY INCOME CLASS, TAX YEAR 2016**

WAGI Class	Tax filers	Military Family Relief Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	40	0.1%	760	0.6%	19
\$0 - <5,000	417,080	270	0.1%	2,890	2.4%	11
\$5,000 - <10,000	239,840	380	0.2%	4,500	3.8%	12
\$10,000 - <15,000	198,690	380	0.2%	4,480	3.7%	12
\$15,000 - <20,000	186,190	440	0.2%	6,030	5.0%	14
\$20,000 - <25,000	179,450	440	0.2%	6,220	5.2%	14
\$25,000 - <30,000	176,040	420	0.2%	5,610	4.7%	13
\$30,000 - <40,000	309,070	730	0.2%	12,030	10.1%	16
\$40,000 - <50,000	237,870	670	0.3%	9,990	8.4%	15
\$50,000 - <70,000	331,220	870	0.3%	13,320	11.1%	15
\$70,000 - <100,000	313,400	920	0.3%	14,190	11.9%	15
\$100,000 - <200,000	312,210	1,130	0.4%	24,590	20.6%	22
\$200,000 - <500,000	68,110	210	0.3%	11,530	9.6%	55
\$500,000 - <1,000,000	11,570	20	0.2%	740	0.6%	37
\$1,000,000 and over	5,220	10	0.2%	2,680	2.2%	268
<b>TOTAL</b>	<b>3,041,210</b>	<b>6,910</b>	<b>0.2%</b>	<b>119,570</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 7,900 filers who gave a total of \$155,000 for an average of \$20 per return (See Table 11F). Donors with income above \$200,000 donated the most on average at about \$63 per return. Filers with income of less than \$200,000 had average donations of about \$18.

**TABLE 11F  
SECOND HARVEST FOOD BANK DONATION, BY INCOME CLASS, TAX YEAR 2016**

WAGI Class	Tax filers	Second Harvest Food Bank Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	40	0.1%	640	0.4%	16
\$0 - <5,000	417,080	330	0.1%	4,270	2.8%	13
\$5,000 - <10,000	239,840	390	0.2%	4,410	2.8%	11
\$10,000 - <15,000	198,690	470	0.2%	6,220	4.0%	13
\$15,000 - <20,000	186,190	470	0.2%	6,030	3.9%	13
\$20,000 - <25,000	179,450	500	0.3%	7,310	4.7%	15
\$25,000 - <30,000	176,040	480	0.3%	7,810	5.0%	16
\$30,000 - <40,000	309,070	870	0.3%	13,040	8.4%	15
\$40,000 - <50,000	237,870	760	0.3%	13,220	8.5%	17
\$50,000 - <70,000	331,220	1,040	0.3%	21,060	13.6%	20
\$70,000 - <100,000	313,400	1,000	0.3%	20,150	13.0%	20
\$100,000 - <200,000	312,210	1,230	0.4%	31,820	20.5%	26
\$200,000 - <500,000	68,110	260	0.4%	14,100	9.1%	54
\$500,000 - <1,000,000	11,570	30	0.3%	1,910	1.2%	64
\$1,000,000 and over	5,220	10	0.2%	2,870	1.9%	287
<b>TOTAL</b>	<b>3,041,210</b>	<b>7,900</b>	<b>0.3%</b>	<b>154,860</b>	<b>100.0%</b>	<b>20</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 \$100,000 for an average of \$16 per return (See Table 11G). Donors with income above \$200,000 donated the most on average at about \$41 per return. Filers with income of less than \$200,000 had average donations of about \$15.

**TABLE 11G  
RED CROSS DONATION, BY INCOME CLASS, TAX YEAR 2016**

WAGI Class	Tax filers	Red Cross Donation				Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	55,250	30	0.1%	730	0.7%	24
\$0 - <5,000	417,080	250	0.1%	2,670	2.7%	11
\$5,000 - <10,000	239,840	350	0.1%	5,090	5.1%	15
\$10,000 - <15,000	198,690	370	0.2%	3,580	3.6%	10
\$15,000 - <20,000	186,190	390	0.2%	4,210	4.2%	11
\$20,000 - <25,000	179,450	390	0.2%	4,260	4.3%	11
\$25,000 - <30,000	176,040	390	0.2%	6,170	6.2%	16
\$30,000 - <40,000	309,070	720	0.2%	8,740	8.8%	12
\$40,000 - <50,000	237,870	600	0.3%	7,900	7.9%	13
\$50,000 - <70,000	331,220	880	0.3%	14,000	14.1%	16
\$70,000 - <100,000	313,400	800	0.3%	12,540	12.6%	16
\$100,000 - <200,000	312,210	1,000	0.3%	20,310	20.4%	20
\$200,000 - <500,000	68,110	200	0.3%	6,080	6.1%	30
\$500,000 - <1,000,000	11,570	20	0.2%	920	0.9%	46
\$1,000,000 and over	5,220	10	0.2%	2,360	2.4%	236
<b>TOTAL</b>	<b>3,041,210</b>	<b>6,400</b>	<b>0.2%</b>	<b>99,550</b>	<b>100.0%</b>	<b>16</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 6,210 filers who gave a total of \$95,000 for an average of \$15 per return (See Table 11H). Donors with income above \$100,000 donated the most on average at about \$25 per return. Filers with income of less than \$100,000 had average donations of about \$13.

**TABLE 11H  
SPECIAL OLYMPICS DONATION, BY INCOME CLASS, TAX YEAR 2016**

WAGI Class	Tax filers	Special Olympics Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	55,250	30	0.1%	770	0.8%	26
\$0 - <5,000	417,080	270	0.1%	2,880	3.0%	11
\$5,000 - <10,000	239,840	350	0.1%	2,770	2.9%	8
\$10,000 - <15,000	198,690	360	0.2%	3,220	3.4%	9
\$15,000 - <20,000	186,190	390	0.2%	4,610	4.8%	12
\$20,000 - <25,000	179,450	400	0.2%	5,030	5.3%	13
\$25,000 - <30,000	176,040	410	0.2%	6,090	6.4%	15
\$30,000 - <40,000	309,070	650	0.2%	9,680	10.1%	15
\$40,000 - <50,000	237,870	590	0.2%	7,430	7.8%	13
\$50,000 - <70,000	331,220	750	0.2%	10,790	11.3%	14
\$70,000 - <100,000	313,400	770	0.2%	12,040	12.6%	16
\$100,000 - <200,000	312,210	980	0.3%	18,570	19.5%	19
\$200,000 - <500,000	68,110	210	0.3%	7,320	7.7%	35
\$500,000 - <1,000,000	11,570	20	0.2%	2,890	3.0%	145
\$1,000,000 and over	5,220	10	0.1%	1,280	1.3%	128
<b>TOTAL</b>	<b>3,041,210</b>	<b>6,210</b>	<b>0.2%</b>	<b>95,380</b>	<b>100.0%</b>	<b>15</b>

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

## **APPENDIX MAJOR PROVISIONS OF 2016 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 2016 include:

- An exclusion for 30% of capital gains on assets held for more than one year which Wisconsin allows in tax year 2016, 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 2016 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 2016**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<14,800	10,270
	14,800 to 100,383	10,270 – 12% (WAGI – 14,800)
	>100,383	0
Head of Household	<14,800	13,260
	14,800 to 43,236	13,260 – 22.515% (WAGI – 14,800)
	>43,236 to 100,383	10,270 – 12% (WAGI – 14,800)
	>100,383	0
Married Filing Jointly	<21,360	19,010
	21,360 to 117,477	19,010 – 19.778% (WAGI – 21,360)
	>117,477	0
Married Filing Separately	<10,140	9,030
	10,140 to 55,797	9,030 – 19.778% (WAGI – 10,140)
	>55,797	0

Source: WI Department of Revenue.

## Personal Exemptions

Personal exemptions are subtracted from WAGI to arrive at taxable income. For tax year 2016, 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 2016 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 2016**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.00	>0 – 11,120	>0 - 14,820	>0 - 7,410
5.84	>11,120 – 22,230	>14,820 – 29,640	>7,410 - 14,820
6.27	>22,230 – 244,750	>29,640 – 326,330	>14,820 - 163,170
7.65	<244,750	<326,330	<163,170

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 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. Credits may be claimed for qualified research expenses as defined under federal law, for qualified

research expenses for activities related to internal combustion engines, and qualified research expenses for activities related to energy efficient products. The credits are nonrefundable, but credit amounts may be carried forward for up to 15 years.

- The development zones credit, the capital investment 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 2016, the maximum federal credit is 34% of earnings not exceeding \$9,920 for persons with one child, 40% of earnings not exceeding \$13,930 for persons with two children, and 45% of earnings not exceeding \$13,930 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 \$23,730 - \$44,836, for singles it is \$18,190 - \$39,296.
  - Two children the phase-out range for joint filers is \$23,730 - \$50,188, and for singles it is \$18,190 - \$44,648.
  - Three or more children the phase-out range for joint filers is \$23,730 - \$53,495, and for singles it is \$18,190 - \$47,955.

Thus, the maximum federal credit for tax year 2016 is \$3,373 for one child, \$5,572 for two children, and \$6,269 for three or more children. The maximum state credit is \$135 for one child, \$613 for two children, and \$2,131 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 creating or retaining jobs, making significant capital investments, conducting employee training, and maintaining a supply chain in Wisconsin.
  - 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.
  - The business development credit was created to replace the non-refundable economic development credit and the refundable jobs tax credit. It was first available in tax year 2016. Businesses are required to meet certain employment and investment criteria, as determined by WEDC in order to claim the credit.