

2007 Instructions for the Wisconsin Fiduciary Return Form 2 and Schedules WD, 2K-1, and CC

New for 2007

- A request for a closing certificate should no longer be attached to Form 2. See the instructions for Schedule CC on page 14.
- There are three new credits available. The Internet equipment credit (page 4), the enterprise zone jobs credit (page 6), and the dairy manufacturing facility investment credit (page 6).
- See page 19 for tips to help avoid delays in processing Form 2.

GENERAL INSTRUCTIONS

CAUTION: The Internal Revenue Service hadn't finalized the 2007 federal fiduciary tax forms at the time that Form 2, Schedules CC, WD, and 2K-1, and these instructions went to print. Therefore, any federal line numbers referred to on Form 2, Schedules CC, WD, and 2K-1, and in these instructions may change.

■ Is the Estate or Trust Resident of Wisconsin?

ESTATES: The estate of a decedent is considered resident of Wisconsin if the decedent was domiciled in Wisconsin at the time of death.

TRUSTS: A trust created by a decedent's will (testamentary trust) is resident of Wisconsin if the decedent was domiciled in Wisconsin at the time of death, unless transferred by a court having jurisdiction to another court's jurisdiction.

Inter vivos trusts that are made irrevocable and were administered in Wisconsin before October 29, 1999, are considered resident of Wisconsin if they are being administered in Wisconsin.

The following inter vivos trusts that become irrevocable on or after October 29, 1999, or that became irrevocable before October 29, 1999, and are first administered in Wisconsin on or after October 29, 1999, are resident of Wisconsin:

1. Trusts, or portions of trusts, the assets of which consist of property placed in the trust by a person who is a resident of Wisconsin at the time that the property was placed in the trust if, at the time that the assets were placed in the trust, the trust was irrevocable.
2. Trusts, or portions of trusts, the assets of which consist of property placed in the trust by a person who is a resident of Wisconsin at the time that the trust became irrevocable if, at the time that the property was placed in the trust, the trust was revocable.

A trust is revocable if the person whose property constitutes the trust may revest title to the property in that person.

A trust is irrevocable if the power to revest title does not exist.

■ Must the Estate or Trust File a Return?

RESIDENT ESTATES: Every personal representative or special administrator of the estate of a Wisconsin decedent must file a Wisconsin fiduciary income tax return if the gross income of the estate is \$600 or more.

Gross income means all income (before deducting expenses) reportable to Wisconsin which is received in the form of money, property, or services. It does not include items that are exempt from Wisconsin tax.

NONRESIDENT ESTATES: A nonresident estate must file a Wisconsin fiduciary return if it has gross income (see definition above under "RESIDENT ESTATES") of \$600 or more from Wisconsin sources.

Income from Wisconsin sources includes income or gain from:

- a. Real or tangible personal property located within the state.
- b. A business, trade, profession, or occupation carried on within the state, including a corporation taxed under Subchapter S of the Internal Revenue Code.
- c. Personal or professional services performed within the state either as an individual or a member of a partnership.
- d. Income received from the Wisconsin state lottery or a multijurisdictional lottery if the winning lottery ticket or lottery share was purchased from a Wisconsin retailer.

RESIDENT TRUSTS: Every trustee of a Wisconsin trust must file a Wisconsin fiduciary income tax return if the trust has:

1. any taxable income for the tax year, or
2. gross income (see definition in the previous column under "RESIDENT ESTATES") of \$600 or more regardless of the taxable income.

Example: A resident trust has \$400 of interest income. It makes no distributions and therefore only has an exemption of \$100, which would result in taxable income of \$300. The trust is required to file a Wisconsin fiduciary return, because it has taxable income.

NONRESIDENT TRUSTS: A nonresident trust must file a Wisconsin fiduciary income tax return if it has:

1. any Wisconsin taxable income for the year, or
2. gross income from Wisconsin sources (see definitions in the previous column under "RESIDENT ESTATES" and above under "NONRESIDENT ESTATES") of \$600 or more regardless of the taxable income.

■ Other Filing Requirements

EXEMPT TRUSTS: Trusts that are exempt under the Internal Revenue Code by reason of their purposes or activities are also exempt from Wisconsin income tax. Common law trusts organized or conducted for profit are deemed to be corporations and must file a Wisconsin corporation franchise or income tax return.

NOTE: Trusts that are exempt from federal taxation under section 501(a) of the Internal Revenue Code, including certain pension, profit-sharing, and stock bonus plans described in section 401(a) of the Internal Revenue Code, and individual retirement arrangements (IRAs) are required to report unrelated business taxable income for Wisconsin tax purposes. File a Wisconsin Form 4T if the trust reports unrelated business taxable income for federal purposes on federal Form 990-T and the trust has gross income from an unrelated trade or business of \$1,000 or more. For more information, obtain a copy of Wisconsin Form 4T from any Department of Revenue office.

FINAL RETURN OF AN ESTATE OR TRUST: A final fiduciary return reporting all income received from the beginning of the taxable year of closing to the date of closing is required.

The net income computed on the final return must be distributed to the beneficiaries and no income tax is payable by the fiduciary. The beneficiaries of the estate or trust must report income as if it had been received without the intervention of the fiduciary.

Enclose a copy of the final account or a letter advising that a final account is not required by the probate court with the final fiduciary return.

INDIVIDUAL/ESTATE TAX RETURN FOR A DECEDENT: A personal representative or petitioner must file an individual return for a decedent to report income from the beginning of the year to the date of death (Form 1, 1A, 1NPR, or WI-Z). The due date of the 2007 individual return is April 15, 2008. The filing requirements are as follows:

- a. Single persons.
 - (1) Under age 65 – gross income of \$9,490 or more.
 - (2) Age 65 or over – gross income of \$9,740 or more.
- b. Married persons filing jointly – joint gross income of \$18,000 or more.
- c. Married persons filing separately – gross income of \$9,000 or more.
- d. Head of household.
 - (1) Under age 65 – gross income of \$12,050 or more.
 - (2) Age 65 or over – gross income of \$12,300 or more.
- e. Part-year resident or nonresident – gross income from Wisconsin sources of \$2,000 or more.

A Form W706, *Wisconsin Estate Tax Return*, must be filed if either a federal estate tax return, Form 706, is filed or the total of a decedent's estate plus adjusted taxable gifts exceeds \$675,000. Form W706 is due nine months after the date of death or when the federal estate tax return is required to be filed, as extended, whichever is later.

■ When to File/Extension of Time to File

A return for a trust is due on or before April 15, 2008. A return for an estate is due on or before April 15, 2008, for a calendar year filer or 3 1/2 months after the close of the taxable year for a fiscal year filer.

If you cannot file on time, the following options are available for obtaining an extension:

1. If you have an extension for filing your federal return, this automatically gives you a Wisconsin extension provided you:
 - Estimate your 2007 Wisconsin tax and pay the amount you will owe with your return (line 30 of Form 2) by the due date using 2007 Wisconsin Form 1-ES, and
 - Enclose a copy of your federal extension application with your Form 2 when filed.
2. Extensions available under federal law may be used for Wisconsin purposes, even if you do not need a federal extension because you file your federal return by the due date. To obtain an extension only for Wisconsin, you must:
 - Estimate your 2007 Wisconsin tax and pay the amount you will owe by the due date (see item 1) and
 - Enclose a statement with your Form 2 indicating which federal extension provision you are using or enclose a copy of a completed federal extension application form.

No extension is allowed if your estimate of tax is not reasonable.

NOTE: Even though you may have an extension of time to file your return, you will owe interest on any tax not paid by the original due date. Returns not filed by the extended due date are subject to additional interest and penalties.

■ Withholding Requirement for Trusts and Estates Having Nonresident Beneficiaries

In general, a trust or estate that has one or more nonresident beneficiaries is required to withhold income or franchise tax on the income allocable to the nonresident beneficiaries.

A nonresident beneficiary includes an individual who is not domiciled in Wisconsin; a partnership, limited liability company, or corporation whose commercial domicile is outside Wisconsin; and an estate or trust that is nonresident under sec. 71.14(1) to (3m), Wis. Stats. If the nonresident beneficiary is an individual, estate, or trust, the withholding rate is the highest rate for a single individual (6.75% for 2007). If the nonresident beneficiary is a partnership, limited liability company, or corporation, the withholding rate is 7.9%.

Exceptions: Withholding is not required on behalf of the following nonresident beneficiaries:

- A beneficiary that is exempt from Wisconsin income or franchise taxation. The trust or estate may rely on a written statement from a beneficiary explaining why the beneficiary is exempt from Wisconsin tax. The trust or estate must enclose a copy of this statement with the Form 2 filed with the department.
- A beneficiary with no Wisconsin income other than his, her, or its share of income attributable to Wisconsin, and his, her, or its share of that income is less than \$1,000.

The trust or estate uses Form PW-1 to pay the withholding. Form PW-1 is due with payment by the 15th day of the 4th month following the close of the trust's or estate's taxable year. It must be filed, and payment must be made, by electronic means unless a waiver applies or electronic filing and payment presents an undue hardship. See the Form PW-1 instructions for details of the filing procedures.

CAUTION: Nonresidents with a Wisconsin filing requirement must file the appropriate Wisconsin income or franchise tax return.

■ Requesting a Closing Certificate



A request for a closing certificate should not be attached to Form 2. See the instructions for Schedule CC on page 14.

■ Tax Help or Additional Forms

If you have questions or need additional forms, help is available at our Madison office (2135 Rimrock Road):

- Wisconsin Department of Revenue
Mail Stop 5-144
PO Box 8906
Madison WI 53708-8906
- Telephone: (608) 266-2772
- Forms requests: (608) 266-1961
- Fax: (608) 267-0834
- E-mail: estate@revenue.wi.gov

Internet Address You can access the department's website 24 hours a day, seven days a week, at www.revenue.wi.gov. From this website, you can:

- Download forms, schedules, instructions, and publications.
- View answers to frequently asked questions.
- E-mail us comments or request help.

TTY Equipment Telephone help is available using TTY equipment, call (608) 267-1049 in Madison. This number is to be used only when calling with TTY equipment.

Information Publications Available Following is a list of some of the department publications. These publications provide detailed information relating to specific areas of Wisconsin tax law. They are available at any department office.

Number and Title

- 102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders
- 103 Reporting Capital Gains and Losses for Wisconsin
- 111 How to Get a Private Letter Ruling
- 114 Wisconsin Taxpayer Bill of Rights
- 117 Guide to Wisconsin Information Returns
- 120 Net Operating Losses for Individuals, Estates, and Trusts
- 125 Credit for Tax Paid to Another State
- 503 Wisconsin Farmland Preservation Credit
- 600 Wisconsin Taxation of Lottery Winnings
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings

Seven Steps to Filing the Fiduciary Income Tax Return

1 Gather all records.
Make sure that all income and expense records are available, including interest and dividend statements, so the return can be prepared correctly.

2 Complete the federal return.
Before completing Wisconsin Form 2, complete the federal return, Form 1041 or 1041-QFT, and its supporting schedules, if required.

3 Complete the Wisconsin return.

4 Sign the return.
The return must be signed by the personal representative or special administrator of an estate or by the trustee of a trust.

5 Assemble the return.
Begin by putting the three pages of Form 2 in numerical order. Then, attach, using a paper clip (do not staple), the following in the order listed:

- **Payment** – If you owe an amount with the return, paper clip your payment to the front of Form 2.
- **Wisconsin Schedules** – The appropriate copy of each of your withholding statements (Schedules 2K-1, 3K-1, and 5K-1 and Forms W-2 and 1099).
- **Federal Return** – A complete copy of your federal return (Form 1041 or 1041-QFT) and its supporting schedules and forms.
- **Supporting Documents** – For example, copies of property tax bills in support of a farmland preservation credit or farmland tax relief credit claim.
- **Extension Form or Statement** – A copy of your federal extension application or required statement if you are filing under an extension.

6 Keep a copy of the return.

7 Mail the return and enclosures to the appropriate address shown on the bottom of page 2 of Form 2.

LINE INSTRUCTIONS

Use black ink to complete Form 2. If completing the form by hand, do not use commas or dollar signs when filling in amounts. For more tips, see page 19.

Period Covered File the 2007 return for calendar year 2007 and fiscal years that begin in 2007. For a fiscal year, a 52-53 week period, or a short-period return, fill in the taxable year beginning and ending dates in the taxable year space at the top of the form.

Name and Identifying Number Estates use the first line for the legal name and decedent's social security number or, if a bankruptcy estate, the federal employer identification number (EIN). Trusts use the second line for the legal name and federal EIN.

Exception: Qualifying trusts making the election under IRC Section 645 to be treated as part of the decedent's estate use the first line for the legal name and social security number of the decedent.

Type of Estate or Trust Check to indicate the type of estate or trust.

- Electing small business trust (ESBT) – a trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust. If ESBT is checked, see the "Exceptions" in the instructions for lines 1 and 6a.
- Qualified funeral trust (QFT) – if a trust elects to be taxed as a QFT for federal income tax purposes, the election also applies for Wisconsin. If QFT is checked, see the "Exceptions" in the instructions for lines 1 and 6a.
- Bankruptcy estate – a separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code.
- Inter vivos trust – a trust created during a grantor's lifetime.
- Testamentary trust – a trust created by a decedent's will that comes into existence at the death of the decedent.
- Section 645 election – allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Wisconsin. Enclose a copy of federal Form 8855 or letter making the election.
- Decedent's estate – a taxable entity separate from a decedent. It generally continues to exist until the final distribution of the assets is made to the beneficiaries. A fiduciary administers the decedent's assets and reports income earned during administration and income in respect of the decedent (IRD).

Rounding Off to Whole Dollars The form has preprinted zeros in the place used to enter cents. All amounts filled in the form should be rounded to the nearest dollar. To do so, drop amounts under 50¢ and increase amounts from 50¢ to 99¢ to the next whole dollar. For example, \$129.39 becomes \$129 and \$236.50 becomes \$237.

Round off all amounts. But if you have to add two or more amounts to figure the amount to fill in on a line, include cents when adding and only round off the total.

Accounting Periods and Methods Use the same accounting period and method of accounting that are used for federal income tax purposes. If the federal taxable year or method of accounting is changed, such change also applies for Wisconsin. Separate

permission to effect such change for Wisconsin is not required. However, enclose a copy of the federal document authorizing the change with the Wisconsin fiduciary return.

Definitions Applicable to Fiduciaries Under Wisconsin income tax law, federal taxable income is used as a starting point in the computation of fiduciary income subject to the Wisconsin income tax. Therefore, most terms have the same meaning under Wisconsin law as in the Internal Revenue Code unless otherwise noted.

INCOME

Line 1. Federal Taxable Income of Fiduciary Enter the amount of taxable income of the fiduciary as reported on federal Form 1041, line 22.

Exceptions

- Qualified funeral trusts – Enter the amount from federal Form 1041-QFT, line 12.
- Electing small business trusts – If the ESBT consists entirely of stock in one or more S corporations, enter zero on line 1.

Line 2. Additions Enter the total of the nondistributable additions from Schedule A, column 2, line 6. See the Schedule A instructions on pages 7 through 10.

Line 4. Subtractions Enter the total of the nondistributable subtractions from Schedule A, column 2, line 12. Enter as a positive amount. See the Schedule A instructions on pages 9 and 10.

TAX COMPUTATION

Line 6a. Gross Tax Using the Wisconsin taxable income on line 5, enter the tax from the tax table on pages 15-18.

Exceptions

- Qualified funeral trusts (QFTs) – If this is a composite return for a qualified funeral trust and each separate QFT has taxable income of \$9,510 or less, multiply the amount on line 5 by 4.6% (.046) and fill in the result on line 6a. If any of the separate QFTs has taxable income of more than \$9,510, compute the tax separately for each QFT and fill in the total of the tax computed separately for each QFT on line 6a.
- Electing small business trusts (ESBTs) – Special rules apply when computing tax for an ESBT. ESBTs must separate the income from S corporations treated as a separate trust from other trust income. The net income for that S portion is determined under federal law, as modified by the additions and subtractions listed in Schedule A of Form 2. The separate trust is taxed on its Wisconsin taxable income at the highest rate for fiduciaries (6.75%). The tax is computed on the worksheet in the next column.

Line 7. Supplement to Federal Historic Rehabilitation Credit A special tax credit may be available for the preservation or rehabilitation of certain historic structures located in Wisconsin and used for business purposes. The Wisconsin Historical Society administers the historic preservation program. For more information about this program, visit the Historical Society's website at www.wisconsinhistory.org/hp/architecture/iptax_credit.asp; write to the Division of Historic Preservation, Wisconsin Historical Society, 816 State St., Madison WI 53706-1488; or call (608) 264-6490.

If you qualify for this credit, complete Part 1 of Wisconsin Schedule HR. Schedule HR is available from any department office.

ESBT Worksheet – Electing Small Business Trust

1. Separate S corporation income (also enter on line 6b of Form 2)	1. \$ _____
2. Tax rate	2. _____ x .0675
3. Tax on S corporation income (multiply line 1 by line 2)	3. _____
4. Other trust income (from line 5, Form 2)	4. _____
5. Tax on line 4 from tax table	5. _____
6. Total tax (add lines 3 and 5). Enter on line 6a of Form 2	6. _____

You must enclose with Form 2 a copy of the 5K-1 from the tax-option (S) corporation (or the K-1 from the federal S corporation if the S corporation was not required to file a Wisconsin return) that includes the name and EIN of the corporation.

Line 9. Alternative Minimum Tax Estates and trusts may be subject to the Wisconsin alternative minimum tax if the total of federal alternative minimum taxable income and certain Wisconsin adjustments is greater than \$22,500.

CAUTION: An estate or trust may be subject to the Wisconsin alternative minimum tax even though it is not subject to the federal alternative minimum tax.

Enter on line 9 of Form 2 the alternative minimum tax from line 20 of Wisconsin Schedule MT.

Line 11. Other Credits Include the following credits on lines a through g of line 11. Fill in the total of the amounts on lines a through g on line 11h. To find out if you can take any credit, see the appropriate schedule. Enclose a copy of the completed schedule(s) with Form 2.

- a Schedule MS – Manufacturer's Sales Tax Credit** If the estate or trust had unused manufacturer's sales tax credit from 1998 through 2005, complete Schedule MS to determine the amount of carryover credit that may be claimed for 2007. Fill in the amount of your available manufacturer's sales tax credit carryforward from Schedule MS on line 11a.
- b Schedule DI – Dairy and Livestock Farm Investment Credit** The dairy and livestock farm investment credit is based on the amount paid for dairy or livestock farm modernization or expansion related to the operation of a dairy or livestock farm located in Wisconsin. See Schedule DI.
- c Schedule DC – Development Zones Credits** Special tax credits may be available to estates or trusts doing business in Wisconsin development zones. If you qualify for the credit, complete Wisconsin Schedule DC. Fill in the amount of your credit from Schedule DC on line 11c.
- d Schedule TC – Technology Zone Credit** The technology zone credit may be available for estates or trusts doing business in Wisconsin technology zones. If you qualify for the credit, complete Wisconsin Schedule TC. Fill in the amount of your credit from Schedule TC on line 11d.
- e Schedule VC (Part II) – Early Stage Seed Investment Credit** The early stage seed investment credit is based on an investment paid to a fund manager certified by the Department of Commerce that the fund manager invests in a certified business. See Schedule VC.
- f Schedule IE – Internet Equipment Credit** A credit is available based on the purchase of Internet equipment used in the broadband market. The amount of credit must be certified by the Department of Commerce (DOC). Enclose a completed Schedule IE and a copy of the DOC certification with Form 2.

g Schedule OS – Credit for Net Tax Paid to Another State A resident estate or trust that has paid tax both to Wisconsin and another state on the same income may be able to claim a credit for such tax. Read the Schedule OS instructions to determine if you may claim the credit. If you qualify for the credit, complete Schedule OS. Fill in the amount of your credit from Schedule OS on line 11g. Be sure to enter in the box on line 11g the 2-letter postal abbreviation for the other state to which you paid tax. If you paid tax to more than one other state, fill in the number 99 in the box.

Line 14. Recycling Surcharge The recycling surcharge applies to estates and trusts that have trade or business activities in Wisconsin and have \$4,000,000 or more of gross receipts from trade or business activities for federal income tax purposes.

If the estate or trust is subject to the recycling surcharge, complete Wisconsin Schedule RS. Fill in the amount from line 2 or 3 of Schedule RS on line 14 of Form 2. Enclose a copy of Schedule RS with Form 2.

Line 15. Recapture of Investment Credit If there is a recapture of investment credit, enter the recapture amount on line 15 and enclose Schedule DC.

Line 17. Wisconsin Income Tax Withheld Enter the estate's or trust's share of Wisconsin tax withheld by a pass-through entity, as reported on the Schedule 2K-1, 3K-1, or 5K-1 received from the pass-through entity. Enclose a copy of this Schedule 2K-1, 3K-1, or 5K-1 with the Form 2 that is filed with the department. Include on line 17 only the share of withholding that is attributable to income the trust or estate has reported on Form 2. The share of withholding attributable to income passed through by the trust or estate to its beneficiaries is reported on line 14j of Schedule 2K-1.

Also enter on line 17 Wisconsin tax withheld on salary or wages received by the personal representative or petitioner on income in respect of the decedent. Enclose a copy of the wage statement (Form W-2) from the decedent's employer with the Form 2 that is filed with the department.

Line 18. 2007 Wisconsin Estimated Payments and Amount Applied From 2006 Return Enter the total of (1) any overpayment of 2006 income tax that the estate or trust was allowed as a credit on its 2007 Wisconsin estimated tax, (2) any Wisconsin estimated tax payments made by the estate or trust for 2007, and (3) advance payments or any payments filed with an extension.

Line 19. Farmland Preservation Credit A credit may be claimed by certain trusts and estates based on property taxes accrued on Wisconsin farmland which is subject to agricultural use restrictions in the form of a zoning ordinance or a farmland preservation agreement. If claiming farmland preservation credit, enclose a completed Schedule FC with the Form 2. Fill in on line 19 of Form 2 the amount from line 18 of Schedule FC.

The farmland preservation credit program provides an income tax credit to Wisconsin residents who own at least 35 acres of farmland in Wisconsin. For more information about farmland preservation credit, contact our Farmland Preservation Unit in Madison at (608) 266-2442 or any Department of Revenue office. Schedule FC is available at any Department of Revenue office.

Line 20. Farmland Tax Relief Credit An estate or trust may qualify for the farmland tax relief credit if it meets the following three conditions:

1. At least 35 acres of Wisconsin farmland must have been owned during the 2007 taxable year. The personal representative of an estate and the trustee of a qualifying trust are considered owners of the farmland held by an estate or trust and may claim this credit on the fiduciary return.

The following do not qualify for the credit:

- a. The estate of an individual who is a nonresident on the date of death.
 - b. A trust created by a nonresident.
 - c. A trust which receives Wisconsin real property from a nonresident.
 - d. A trust in which a nonresident settlor retains a beneficial interest.
2. The 2006 property taxes for the farmland on which the credit is based must have been paid.
 3. The farmland must be in agricultural use. The farm of which the farmland is a part must have produced at least \$6,000 of gross farm profits during 2007 or a total of \$18,000 in gross farm profits for 2005, 2006, and 2007 combined. However, if at least 35 acres of your farmland was enrolled in the Conservation Reserve Program during all or part of 2007, you do not have to meet this gross farm profits requirement.

Gross farm profits means gross receipts, excluding rent, from the land's agricultural use, less the cost or other basis of livestock or other items purchased for resale which are sold or otherwise disposed of during the income year. Gross farm profits include the fair market value, at the time of disposition, of payments-in-kind received for placing land in federal programs. If the farmland is rented out, the renter's gross profits are used to satisfy this requirement. Gross farm profits do not include the fair market value of crops grown but not sold during the year, fuel tax credits or refund, or a previous year's farmland preservation or farmland tax relief credit.

Fill in the property taxes on the farmland (exclusive of improvements) in the space provided on line 20, but do not fill in more than \$6,521. The credit is based on property taxes levied on the farmland during the 2007 calendar year. This is your 2007 property tax bill (payable in 2008). You can use up to \$6,521 of property taxes to compute the credit. This includes property taxes on all land which is in agricultural use, less any state aid or credit. Do not include property taxes on any improvements (e.g., farm building or a residence), special assessments, special charges, or interest.

NOTE: The property tax bill may include property taxes on both the farmland and improvements. Use the following formula to determine the portion of the property taxes attributable only to the land.

$$\frac{\text{Assessed value of farmland}}{\text{Total assessed value of land and improvements}} \times \text{2007 property taxes levied in 2007 before lottery and gaming credit} = \text{Portion of property taxes to be used for the credit}$$

If the farmland is co-owned with someone other than the estate or trust, you may use only those taxes which reflect the ownership percentage of the estate or trust.

If the estate or trust purchased the farmland on which this claim is based during the taxable year, fill in the property taxes on the farmland less any amount allocated to the seller in the closing agreement. If the amount is not set forth in a closing agreement, fill in the total taxes. Do not fill in more than \$6,521.

When property is transferred during the claim year by a method other than a sale, such as through gift, divorce, death, bankruptcy, foreclosure, or repossession, the owner of the property on the tax levy date is the owner who may claim the credit. The tax levy date is the date the property tax roll is delivered to the local treasurer for collection, usually in early December of each year.

If the farmland is owned by a tax-option (S) corporation or by a partnership, fill in the portion of property taxes on the farmland that reflects the ownership percentage of the estate or trust. You may have to contact the tax-option (S) corporation or the partnership to get information on the amount of taxes levied on the farmland during 2007.

Fill in the amount of your credit on line 20 of Form 2. The credit is equal to 23% of the property taxes on the farmland up to a maximum credit of \$1,500.

CAUTION: If you are claiming farmland preservation credit on line 19, the total of your farmland preservation credit and your farmland tax relief credit cannot exceed 95% of the property taxes on the farm. If your credits exceed this amount, you should reduce your farmland tax relief credit accordingly.

Enclose a copy of your 2007 property tax bill(s) with your Wisconsin Form 2.

NOTE: If you are also claiming farmland preservation credit on Form 2 and have enclosed a copy of your 2007 property tax bill(s) with your Schedule FC, you do not have to enclose an additional copy of your property tax bill(s). If the farmland on which the credits are based was purchased or sold during the year, only the buyer must enclose a copy of the 2007 property tax bill(s); however, both the buyer and seller must enclose a copy of the closing agreement.

If any of the 2007 property tax bills show unpaid prior year taxes, enclose a statement signed by your county treasurer indicating the date the 2006 property taxes were paid in full.

Line 21. Enterprise Zone Jobs Credit The enterprise zone jobs credit is available to estates or trusts doing business in an enterprise zone. The Department of Commerce (DOC) must certify the business as eligible for the credit and determine the amount of credit that may be claimed. A copy of Schedule EC must be enclosed with Form 2, along with a copy of the certification for tax benefits and verification of expenses from DOC.

Line 22. Dairy Manufacturing Facility Investment Credit The dairy manufacturing facility investment credit is available for dairy manufacturing modernization or expansion. The Department of Commerce must certify an estate or trust as eligible for the credit and allocate the amount of credit to the estate or trust. Schedule DM must be enclosed with Form 2, along with a copy of the certification from the Department of Commerce.

Line 23. Amount Paid With Original Return (Amended Return Only) Enter the amount paid with the original Form 2 plus any additional amount paid after it was filed.

Line 25. Refund From Original Return Less Amount Applied to 2008 Estimated Tax (Amended Return Only) Enter the refund from the original Form 2 plus any additional refunds received after it was filed less the amount applied to 2008 estimated tax.

Line 27. Amount Overpaid If line 26 is larger than line 16, complete line 27 to determine the amount overpaid.

NOTE: If estimated tax payments were required to be made and were not made in a timely manner, see Schedule U to determine if underpayment interest is owed. See page 3 for information on how to obtain this schedule. If underpayment interest is owed and an overpayment is shown on line 27, reduce the amount on line 27 by the amount of underpayment interest on line 31.

Line 28. Refund Fill in on line 28 the amount from line 27 that you want refunded to you.

Line 29. Amount Applied to 2008 Estimated Tax Fill in on line 29 the amount, if any, of the overpayment on line 27 you want applied to your 2008 estimated tax.

Line 30. Balance Due If line 26 is less than line 16, complete line 30 to determine the balance due. The balance due must be paid in full with the return. Make remittance payable to the Wisconsin Department of Revenue.

NOTE: If estimated payments were required to be made and were not made in a timely manner, see Schedule U to determine if underpayment interest is owed. See page 3 for information on how to obtain this schedule. If underpayment interest is owed, increase the amount on line 30 by the amount of underpayment interest on line 31.

Line 31. Underpayment Interest If estimated payments were required to be made and were not made in a timely manner, see Schedule U to determine if underpayment interest is owed. See page 3 for information on how to obtain this schedule. If underpayment interest is owed, fill in the amount from Schedule U on line 31. Add the amount of the underpayment interest to any tax due and fill in the total on line 30. If you are due a refund, subtract the underpayment interest from the overpayment shown on line 27 and adjust lines 28 and 29 if necessary. Enclose Schedule U with your Wisconsin Form 2. Check the box to the left of line 31 only if you are enclosing an application for a waiver or are using the annualized income installment method (Part IV of Schedule U) to compute underpayment interest.

SPECIAL INSTRUCTIONS

A. Penalties and Interest

Any return which is not filed by the due date or within the extension period is subject to a late filing fee of \$2 when the net tax is less than \$10, \$3 when such tax is \$10 or more but less than \$20, or \$5 when such tax is \$20 or more. Returns filed 60 or more days late are subject to a \$30 late filing fee. The late fee is assessed even if there is no tax due. Income taxes become delinquent if not paid when due and are subject to interest at the rate of 1.5% per month until paid. Taxes do not become delinquent during an extension period but are subject to interest at the rate of 12% per annum during the extension period.

B. Internal Revenue Service Adjustments and Amended Returns

If a federal fiduciary return is adjusted by the Internal Revenue Service (IRS) and the adjustments affect the amount of Wisconsin income reportable, any credit, or tax payable on Form 2, report the adjustments to the department within 90 days from the date the adjustments become final. If an amended fiduciary return is filed with the IRS or another state and the changes affect the amount of income reportable, any credit, or tax payable on Form 2, file an amended Wisconsin fiduciary return reflecting these

changes. The amended Wisconsin return is due within 90 days from the date the amended return is filed with the IRS or another state.

If you are filing an amended return, place a checkmark in the designated area below the name and address area of Form 2. Prepare the return using the corrected amounts. Complete line 23 or 25 as appropriate. Enclose a copy of any IRS audit report or federal amended return. You should also explain why the amended return was necessary and what changes were made. If you have already received a Closing Certificate for Fiduciaries, you do not need to request another one unless the court requires it.

C. Estimated Tax Payments Required for Next Year?

If the 2008 Wisconsin income tax return of an estate or trust will show a balance due to the department of \$200 or more, you must use Wisconsin Form 1-ES (Form 4-ES for trusts subject to tax on unrelated business income) to prepay the 2008 tax in installments beginning April 15, 2008, for calendar year fiduciaries or 3 1/2 months after the close of a fiscal year (March 17, 2008, or 2 1/2 months after the close of a fiscal year for trusts using Form 4-ES).

EXCEPTION: Estates and grantor trusts which are funded on account of a decedent's death are exempt from making estimated tax payments for tax years ending within two years after the date of death.

D. Requesting Copies of Returns

The Department of Revenue will provide copies of prior year returns. There will be a fee for each return requested, which is required to be prepaid. Requests must be made in person or in writing. You must provide a copy of the domiciliary letters or letters of trust and the trust instrument. If you want certified copies, there is an additional charge for each certification. Call (608) 266-2890 for more information.

SCHEDULE A INSTRUCTIONS – ADDITIONS AND SUBTRACTIONS

Certain additions and subtractions must be made to federal taxable income in order to arrive at Wisconsin taxable income. Federal taxable income is the amount shown on the federal Form 1041, line 22. Additions and subtractions are described in detail below.

Enter in column 1, Distributable Income, the additions or subtractions that relate to items of income or deductions which affect the computation of the distributable net income for the taxable year. Enter in column 2, Nondistributable Income, any of the additions or subtractions that affect nondistributable income taxable to the fiduciary.

ADDITIONS

Line 1. Adjustments to Convert 2007 Federal Taxable Income to the Amount Allowable for Wisconsin (see instructions for Schedule B on page 10).

Line 2. Interest (Less Related Expenses) on State and Municipal Obligations Enter in the appropriate column the amount of interest on state and municipal obligations which was excluded from federal taxable income. (If you were required for federal purposes to allocate expenses to this income, reduce the amount to be filled in by such expenses.) **EXCEPTION:** Interest which is by federal or Wisconsin law exempt from Wisconsin taxation should not be entered on line 2. Interest income which is exempt for both federal and Wisconsin tax purposes includes interest from (1) public housing authority or community development authority bonds issued by municipalities located in

Wisconsin, (2) Wisconsin Housing Finance Authority bonds, (3) Wisconsin municipal redevelopment authority bonds, (4) Wisconsin higher education bonds, (5) Wisconsin Housing and Economic Development Authority bonds issued on or after December 11, 2003, to fund multifamily affordable housing projects or elderly housing projects, (6) Wisconsin Housing and Economic Development Authority bonds issued before January 29, 1987, except business development revenue bonds, economic development revenue bonds, and CHAP housing revenue bonds, (7) public housing agency bonds issued before January 29, 1987, by agencies located outside Wisconsin where the interest therefrom qualifies for exemption from federal taxation for a reason other than or in addition to section 103 of the Internal Revenue Code, (8) local exposition district bonds, (9) Wisconsin professional baseball park district bonds, (10) bonds issued by the Government of Puerto Rico, Guam, or the Virgin Islands or, for bonds issued after October 16, 2004, the Government of American Samoa, (11) local cultural arts district bonds, (12) Wisconsin professional football stadium bonds, and (13) Wisconsin Aerospace Authority bonds. Interest from these sources is exempt from Wisconsin income tax whether received by a direct owner of these securities or by a shareholder in a mutual fund which invests in these securities.

If a charitable deduction is claimed, reduce the amount of interest added back by the amount of the municipal interest which is used or set aside for charitable purposes.

Line 3. Taxes Enter the amount of taxes deducted from federal taxable income on line 11, Form 1041. This amount must be allocated between distributable and nondistributable income based on tax benefit.

Line 4. Capital Gain/Loss Adjustment If federal taxable income includes capital gains and/or losses (see line 4, Form 1041), complete Wisconsin Schedule WD (Form 2) to determine if an adjustment must be made to arrive at Wisconsin income. For example, an adjustment may be required because Wisconsin law limits deductions for net capital losses to \$500. You can obtain Schedule WD (Form 2) from any Department of Revenue office. If assets sold during 2007 had a different basis for federal than for Wisconsin purposes, see instructions for Schedule C on page 10 and item b under Additions To or Subtractions From Income on page 9.

Line 5. Other Additions Enter any other amount subject to Wisconsin taxation that has been excluded or deducted in the computation of federal taxable income or distributable net income. Enclose a schedule with a computation or explanation. Examples are:

- a. **Federal net operating loss carryover.**
- b. **Lump-sum distribution.** If you reported lump-sum distribution income on federal Form 4972, you must also include the distribution in Wisconsin income. Fill in on Schedule A, line 5 the amount of lump-sum distribution income which is reported on line 10 of Form 4972 plus any capital gain reported on line 6 of Form 4972. You may reduce this amount by any federal estate tax on line 18 of Form 4972.

NOTE: No portion of a lump-sum distribution may be reported as a capital gain on a Wisconsin Schedule WD (Form 2).

- c. **Transitional adjustments.** These are adjustments required by the Wisconsin Statutes to account for differences between federal basis and Wisconsin basis of changing basis assets (those subject to depreciation or amortization). Enclose a schedule showing the computation of each transitional adjustment made.

- d. **Farm losses.** An addition may be required if farm losses were deducted on the federal tax return and the estate or trust was not actively engaged in the farming operation that produced those losses.

TRUSTS: A trust shall be considered to be actively engaged in farming with respect to a farming operation if:

1. The entity separately makes a significant contribution to the farming operation of capital, equipment, or land, or a combination of capital, equipment, or land; and
2. The income beneficiaries collectively make a significant contribution of active personal labor or active personal management to the farming operation. The combined interest of all the income beneficiaries providing active personal labor or active personal management, or a combination of active personal labor and active personal management must be at least 50 percent; and
3. The trust has provided a tax identification number unless the trust is a revocable trust and the grantor is the sole beneficiary; and
4. The trust has provided a copy of the trust agreement to the county committee unless the trust is a revocable trust.

ESTATES: For two program years after the program year in which an individual dies, the individual's estate shall be considered to be actively engaged in farming if:

1. The estate makes a significant contribution of either (a) capital, equipment, or land; or (b) a combination of capital, equipment, or land; and
2. The personal representative or heirs of the estate collectively make a significant contribution of either: (a) active personal labor or active personal management; or (b) a combination of active personal labor and active personal management.

After the two years, the deceased individual's estate shall not be considered to be actively engaged in farming unless, on a case by case basis, it is determined that the estate has not been settled primarily for the purpose of obtaining program payments.

Your combined net losses from farming operations in which you are not actively engaged are limited if your non-farm Wisconsin adjusted gross income is more than \$55,000.

To figure your combined net losses from farming operations, add together any losses you have from farming operations in which you were not actively engaged (for example, these could be losses from a farm partnership or tax-option (S) corporation). Do not reduce these losses by any net farm gains. If the total of these losses is more than the maximum allowable loss shown in the table in the next column, include the excess on line 5, Schedule A.

Example For 2007, a trust reports a loss of \$25,000 on Schedule E from a farm partnership (the trust is not actively engaged in this farming operation), and a profit of \$5,000 from the rental of farmland. The trust's nonfarm Wisconsin adjusted gross income is \$60,000. Therefore, only \$20,000 of the \$25,000 farm loss may be deducted for 2007. The trust must fill in \$5,000 on line 5 of Schedule A.

Farm Loss Limits		
Nonfarm Wisconsin Adjusted Gross Income		
More Than	But Not More Than	Maximum Allowable Loss
\$ 0	\$ 55,000	Full Amount
55,000	75,000	\$20,000
75,000	100,000	17,500
100,000	150,000	15,000
150,000	200,000	12,500
200,000	250,000	10,000
250,000	300,000	7,500
300,000	600,000	5,000
600,000		No Loss

- e. **Excess distribution from a passive foreign investment company.** Fill in the amount of excess distribution from a passive foreign investment company which has not been included in federal taxable income (see federal Form 8621).
- f. **Development zones credit and technology zone credit.** Fill in the amount of development zones credit from Wisconsin Schedule DC and technology zone credit from Schedule TC. The amount of the credit is income and must be reported on Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Development zones credit and technology zone credit that you receive from a partnership or tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 9.)
- g. **Dairy and livestock farm investment credit.** Fill in the amount of dairy and livestock farm investment credit you computed for 2007. The amount of your credit is income and must be reported on Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Dairy and livestock farm investment credit that you receive from a partnership or a tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 9.)
- h. **Internet equipment credit.** Fill in the amount of Internet equipment credit that you computed for 2007. The amount of your credit is income and must be reported on Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Internet equipment credit that you receive from a partnership or a tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 9.)
- i. **Dairy manufacturing facility investment credit.** Fill in the amount of dairy manufacturing facility investment credit that you computed for 2007. The amount of your credit is income and must be reported on Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Dairy manufacturing facility investment credit that you receive from a partnership or a tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 9.)

SUBTRACTIONS

Line 7. Adjustments to Convert 2007 Federal Taxable Income to the Amount Allowable for Wisconsin (see instructions for Schedule B on page 10).

Line 8. Interest (Less Related Expenses) on Obligations of the United States Enter in the appropriate column the net amount of interest and dividends on obligations and certain securities of the United States, which are by federal law exempt from taxation by states. To arrive at the net amount, you must reduce the total U.S. interest by the proportionate share of deductions claimed on Form 1041.

An ordinary dividend received from a mutual fund which invests in U.S. government securities may be partially or completely non-taxable for Wisconsin tax purposes. If information received from a mutual fund advises that any portion of a distribution is from investments in U.S. government securities, that portion of the distribution may be included as U.S. government interest on line 8.

CAUTION: Do not fill in on line 8 interest from Ginnie Mae (Government National Mortgage Association) securities and other similar securities which are "guaranteed" by the U.S. government.

If a charitable deduction is claimed, reduce the amount of U.S. interest subtracted by the amount of U.S. interest included in the charitable deduction on federal Form 1041.

Line 9. Capital Gain/Loss Adjustment If federal taxable income includes capital gains and/or losses (see line 4, Form 1041), complete Wisconsin Schedule WD (Form 2) to determine if an adjustment must be made to arrive at Wisconsin taxable income. For example, an adjustment may be required because Wisconsin law allows an exclusion of 60% of capital gain from assets held more than one year. You can obtain Schedule WD (Form 2) from any Department of Revenue office.

Line 10. Refunds of State and Local Taxes Enter refunds of state and local income taxes included in line 8 of federal Form 1041.

Line 11. Other Subtractions Enter on this line any amount which is deductible or exempt from taxation by Wisconsin law and which has been included in the computation of federal taxable income. Examples are:

- a. **Retirement funds.** You may subtract payments received from certain retirement funds that are exempt from Wisconsin taxation to the extent included in federal income. However, payments received from a tax-sheltered annuity deposit in such retirement systems are taxable. (See Wisconsin Form 1 instructions for further details.)
- b. **Wisconsin NOL.** If you had a Wisconsin net operating loss (NOL) in an earlier year to carry forward to 2007, include the allowable amount on Schedule A. Enclose a statement showing how you figured the amount. Get Publication 120, *Net Operating Losses for Individuals, Estates, and Trusts*, from any Department of Revenue office for more details on computing an NOL and the allowable deduction.
- c. **Relocation assistance.** Relocation assistance payments received subject to the provisions set forth in section 32.19, Wisconsin Statutes.
- d. **Transitional adjustments.** See instruction (c) for line 5, Schedule A. Enclose schedule.
- e. **Farm loss carryover.** See Wisconsin Form 1 instructions for further details.

- f. **Nonresident income.** Income of nonresidents not subject to Wisconsin tax.
- g. **Certain military pay.** Military pay that is included on a W-2 for a member of the Reserves or National Guard who served on active duty may be subtracted if the pay was:
 - Received from the federal government,
 - Received after being called into active federal service or into special state service authorized by the federal Department of Defense, and
 - Paid for a period of time during which the member was on active duty.

CAUTION: The subtraction only applies to members of the Reserves or National Guard who are called into active federal service under 10 USC 12302(a) or 10 USC 12304 or into special state service under 32 USC 502(f). However, it does not apply to pay that members of the Reserves and National Guard receive for their weekend or two-week annual training. It also does not apply to a person who is serving on active duty or full-time duty in the active guard reserve (AGR) program.

- h. **Manufacturer's sales tax credit adjustment.** If the estate or trust had unused manufacturer's sales tax credit from 1998 through 2005 of more than \$25,000, see Schedule MS. Fill in the amount of your manufacturer's sales tax credit deduction from Schedule MS.
- i. **Incentive payments.** To the extent included in federal taxable income, private landowners may subtract any Wisconsin incentive payments received for permitting public all-terrain vehicle corridors on their lands.

ADDITIONS TO OR SUBTRACTIONS FROM INCOME

The following items may be either an addition to or a subtraction from federal taxable income, depending on your situation. Fill in any additions on line 5 and any subtractions on line 11, Schedule A.

- a. Distributive share of net modifications of a partnership or tax-option (S) corporation if it increases or reduces the income of the partnership or corporation. If the estate or trust is a shareholder of a federal S corporation that elects not to be treated as a Wisconsin tax-option (S) corporation, all items of S corporation income, loss, or deduction included on the federal return must be reversed.

CAUTION: Do not reverse any item of S corporation income or loss reported on federal Schedule D. These items are removed from Wisconsin income when Wisconsin Schedule WD (Form 2) is completed.
- b. Adjustment for ordinary gain or loss for assets reported on federal Form 4797. If you reported sales (or other dispositions) of assets on federal Form 4797 and there was a difference between the federal basis and the Wisconsin basis, follow the three steps below to figure the adjustment.

STEP 1: Recompute federal Form 4797, *Sales of Business Property*.

- For assets the estate or trust sold or otherwise disposed of, use the Wisconsin basis instead of the federal basis when recomputing Form 4797.
- For those assets disposed of by a partnership, tax-option (S) corporation, or other estate or trust, from which the estate or trust received a distribution, use the Wisconsin gain or loss instead of the federal gain or loss when recomputing Form 4797.

NOTE: The Wisconsin gain or loss can be found on line 10 of Wisconsin Schedule 3K-1 or line 9 of Wisconsin Schedule 5K-1.

Label this recomputed Form 4797 "Wisconsin." Enclose the "Wisconsin" Form 4797 with Form 2.

STEP 2: If a gain was entered on line 7 or 9 of "Wisconsin" Form 4797, the amounts from the "Wisconsin" Form 4797 must be used to complete line 11 of Wisconsin Schedule WD (Form 2).

STEP 3: Complete the Adjustment Worksheet below if Part II was completed on either the federal or "Wisconsin" Form 4797.

- If you have an ordinary gain for both federal and Wisconsin purposes, fill in lines a and b of the worksheet. Also fill in line c or line d, whichever applies.
- If you have an ordinary loss for both federal and Wisconsin purposes, fill in lines e and f of the worksheet. Also fill in line g or h, whichever applies.
- If you have an ordinary gain for federal purposes and line 17 on the "Wisconsin" Form 4797 is blank or a loss, fill in lines a, b, e, and f of the worksheet. Also fill in line d and line g. Add the amounts on lines d and g and fill in the result on line 11 of Schedule A, page 3, Form 2.
- If you have an ordinary loss for federal purposes and line 17 on the "Wisconsin" Form 4797 is blank or a gain, fill in lines a, b, e, and f of the worksheet. Also fill in line c and line h. Add the amounts on lines c and h and fill in the result on line 5 of Schedule A, page 3, Form 2.

NOTE: Nonresident estates and trusts should enter the ordinary gain or loss computed on the "Wisconsin" Form 4797 that is **from Wisconsin sources** when completing Step 3.

Adjustment Worksheet

	Distributable	Non-distributable
a Fill in ordinary gain from line 17 of federal Form 4797 (if blank, fill in zero (0))		
b Fill in ordinary gain from line 17 of "Wisconsin" Form 4797 (if blank, fill in zero (0))		
c If line b is more than line a, subtract line a from line b. Fill in the result here and on line 5 of Schedule A, page 3, Form 2		
d If line b is less than line a, subtract line b from line a. Fill in the result here and on line 11 of Schedule A, page 3, Form 2		
e Fill in ordinary loss from line 17 of federal Form 4797 (if blank, fill in zero (0))		
f Fill in ordinary loss from line 17 of "Wisconsin" Form 4797 (if blank, fill in zero (0))		
g If line f is more than line e, subtract line e from line f. Fill in the result here and on line 11 of Schedule A, page 3, Form 2		
h If line f is less than line e, subtract line f from line e. Fill in the result here and on line 5 of Schedule A, page 3, Form 2		

SCHEDULE B INSTRUCTIONS

IMPORTANT: The Wisconsin Statutes generally require that the computation of taxable income on the 2007 Wisconsin fiduciary income tax return is to be based on the Internal Revenue Code enacted as of December 31, 2006. Federal laws enacted after December 31, 2006, do not apply for Wisconsin income tax purposes.

A comprehensive list of the provisions of federal law that may not be used for Wisconsin purposes for 2007 can be found in the instructions for Wisconsin Schedule I. The following is a list of the items that may affect the largest number of trusts and estates:

- Increase in sec. 179 expensing.
- Deduction for health savings accounts and related provisions.
- Exclusion for 50% of the gain from the sale or exchange of qualified small business stock.

If any provision of federal law which does not apply for Wisconsin purposes affects your federal taxable income, enclose a schedule with your Form 2. State the nature of the adjustment and a complete explanation. Enter the total amount on line 1 of Schedule B.

SCHEDULE C INSTRUCTIONS – ADJUSTMENTS TO CAPITAL GAINS / LOSSES

Complete Schedule C to adjust capital gains and losses if capital assets sold or otherwise disposed of in 2007 had a different basis for Wisconsin than for federal income tax purposes. The most common reason for a difference in basis is the use of the alternate value for federal estate tax purposes while date of death value is required to be used for Wisconsin inheritance tax purposes for deaths prior to January 1, 1992. For deaths after December 31, 1991, if the alternate value is used for federal estate tax purposes, the alternate value would also be used for Wisconsin estate tax purposes.

To figure the adjustment, first determine the holding period for each capital asset which had a different basis for federal and Wisconsin purposes. Property acquired by a decedent's estate from the decedent is considered to be held more than one year. (Do not list assets reported on federal Form 4797, such as depreciable property used in a trade or business, on Schedule C. See "Adjustment for ordinary gain or loss for assets reported on federal Form 4797," item b under Additions To or Subtractions From Income on page 9 of these instructions.)

For capital assets held one year or less, fill in line 1. If the Wisconsin adjusted basis is more than the federal adjusted basis, fill in a negative number in the difference column (column C). Combine the amounts in column C and fill in the result on line 2 of Schedule C and on line 4 of Wisconsin Schedule WD (Form 2). Enter a negative number as a loss.

For capital assets held more than one year, fill in line 3. If the Wisconsin adjusted basis is more than the federal adjusted basis, fill in a negative number in the difference column (column C). Combine the amounts in column C and fill in the result on line 4 of Schedule C and on line 12 of Wisconsin Schedule WD (Form 2). Enter a negative number as a loss.

NOTE: If there is inadequate space on lines 1 and 3 to list each capital asset which had a different basis for Wisconsin than for federal tax purposes, enclose a separate page with Form 2 giving the required information.

INSTRUCTIONS FOR 2007 WISCONSIN SCHEDULE WD (FORM 2)

Schedule WD (Form 2) is used to determine the amount of capital gain or loss which you must include in Wisconsin income. Generally, all amounts reported on your federal Schedule D must be reported on Schedule WD. However, for Wisconsin tax purposes, you may exclude 60% of the net capital gain from assets held more than one year or acquired from a decedent.

The amount of net capital loss that can be applied against other income after offsetting capital gains is limited to \$500.

Unused capital losses are carried over to later years until fully used.

Distributable or nondistributable capital gains: Capital losses are not distributable except on the final return. Capital gains are reportable by the estate or trust on Schedule WD and not distributable to the beneficiaries on Schedule 2K-1 unless either:

1. the will or trust instrument specifically requires that capital gains are distributed to the beneficiaries, or
2. it is the final return of the estate or trust.

Enclose Schedule WD with your Wisconsin Form 2.

■ Part I and Part II, Capital Gains and Losses

If you are not affected by any of the items listed below under "Items Which Require Adjustment," fill in the net short-term gain or (loss) from line 5 of your federal Schedule D on line 6a of Schedule WD. Fill in the net long-term gain or (loss) from line 12 of your federal Schedule D on line 14a of Schedule WD. Complete lines 6b, 6c, 14b, and 14c. Write "Same as federal" in the space by line 1 of Schedule WD, and go on to Part III on page 2 of Schedule WD.

If you are affected by any of the items listed below under "Items Which Require Adjustment," fill in each separate amount from lines 1 through 4 and lines 6 through 11 of your federal Schedule D on the appropriate lines on Schedule WD. However, for those items which require adjustment, fill in the amount indicated in these instructions instead of the amount reported on your federal Schedule D.

Items Which Require Adjustment

The following items require adjustments to the amounts reported on your federal Schedule D or as to whether an amount is reported as a short-term or long-term capital gain or loss:

Capital loss carryovers: Fill in your capital loss carryover from assets held one year or less from line 25 of your 2006 Schedule WD on line 5 of Schedule WD. Fill in your capital loss carryover from assets held more than one year from line 30 of your 2006 Schedule WD on line 13 of Schedule WD.

You may have to reduce your capital loss carryover to 2007 if you excluded income from discharge of indebtedness from your 2007 taxable income. Contact any Department of Revenue office for further information.

Net capital gain on the sale of small business stock: Do not include on Schedule WD any net capital gain from the sale of qualified small business stock which you acquired on or after January 1, 1986, held for at least 5 years, and did not acquire by gift. To be qualified small business stock, the corporation must have met certain requirements at the time you acquired the stock from

the corporation. You must enclose with your Form 2 a copy of the certification you received from the corporation which indicates the requirements were met.

Nonresident estates and trusts: Nonresident estates and trusts should include only gain or loss from Wisconsin sources on Schedule WD.

Gain or loss from Wisconsin sources includes gain or loss from the sale of land, buildings, and machinery located in Wisconsin, and your share of gain or loss from a trust, partnership, LLC, or tax-option (S) corporation which has been reported to you on Schedule 2K-1, 3K-1, or 5K-1. It doesn't include losses from non-business bad debts and worthless securities, and gains or losses from sales of stocks.

Gain from installment sales:

- Taxable gain from installment sales reported on lines 2 and 7 of federal Schedule D must be reported on lines 2 and 8 of Schedule WD, as appropriate. Gain from an installment sale is reported on line 2 of Schedule WD if at the time of sale or other disposition you held the property for one year or less, unless the property was acquired from a decedent. If at the time of sale or other disposition you held the property for more than one year or acquired the property from a decedent, the gain is reported on line 8 of Schedule WD.
- Taxable gain from installment sales which is from Form 4797 and included on line 10 of federal Schedule D is included on line 11 of Schedule WD. For property not acquired from a decedent and held one year or less, report the installment sale gain on line 1 of Schedule WD. The remaining portion of the amount on line 10 of federal Schedule D should be reported on line 11 of Schedule WD.
- If you have a federal gain on an installment sale of property located outside Wisconsin and the sale occurred while you were a nonresident of Wisconsin, do not include this installment gain on Schedule WD. For Wisconsin purposes, it is assumed that a nonresident person who sells property located outside Wisconsin elects to report the entire gain in the year of sale, when none of the gain would have been taxable by Wisconsin. Subsequently, any portion of such installment gain which is taxable for federal purposes is not taxable for Wisconsin.

NOTE: Payments from an installment sale made prior to death that are received after death are "income in respect of a decedent" and the profit is reported in the estate's income just as it was reported prior to death. If the debt is transferred to the buyer or cancelled, the total unreported gain is taxable to the estate.

Gain or loss from partnerships, S corporations, and other estates or trusts: Fill in on line 3 or 9 the amount of capital gain or loss from partnerships, tax-option (S) corporations, estates, and trusts.

- If the partnership, S corporation, estate, or trust has informed you of any adjustment to be made to the capital gain or loss for Wisconsin, be sure to use the gain or loss as adjusted.
- If you are a shareholder in a federal S corporation that elects not to be treated as a Wisconsin tax-option (S) corporation, do not include on Schedule WD any capital gain or loss distributed to you by that federal S corporation. See "Additions to or Subtractions from Income" on page 9 of these instructions for additions and subtractions you must make to adjust for tax-option (S) corporation income.

Adjustment for differences between Wisconsin and federal basis of assets: Gain or loss from the sale of assets may be different for Wisconsin and federal purposes because of a difference in the federal and Wisconsin basis of your property.

- If you have a difference between the Wisconsin and federal basis of property and that property is a capital asset (sale or other disposition is reported on federal Schedule D), fill in the federal gain or loss in Part I or Part II of Schedule WD, as appropriate. You must also complete Schedule C on Form 2 to compute the amount to fill in on line 4 or 12 of Schedule WD.
- If you have a difference between the Wisconsin and federal basis of property and the sale or other disposition of such property is reported on federal Form 4797, see the instruction for Form 2 under "Additions to or Subtractions from Income." If you entered a gain on line 7 or 9 of your "Wisconsin" Form 4797, you must use the amount from the "Wisconsin" Form 4797 to complete line 11 of Schedule WD.

■ Part III, Summary of Parts I and II

Complete lines 15 through 19 to compute the amount of capital gain or loss that must be included in Wisconsin taxable income. On line 15, it is necessary that capital gains and losses distributed to beneficiaries be separated from those of the fiduciary.

NOTE: If capital gain income is used or set aside for charitable purposes, the amount on line 17 must be adjusted for 60% of the capital gain income included in the charitable deduction.

EXAMPLE: An estate is required to set aside 25% of its income for a charity named in the decedent's will.

Net capital gain	\$10,000
60% of net capital gain	\$ 6,000
Less 25% included in charitable deduction	<u>(1,500)</u>
Adjusted amount to enter on line 17	\$ 4,500

Wisconsin ordinary income is all taxable income for Wisconsin (not capital gains or losses) less all Wisconsin deductions.

When computing the Wisconsin capital loss limitation, "Wisconsin ordinary income" means income less deductions. Do not include capital gains or losses.

■ Part IV, Computation of Wisconsin Adjustment to Income

Complete Part IV to figure the amount you must report as a capital gain/loss adjustment on Schedule A, Form 2.

Compare the net gain or loss on Schedule WD (line 18 for a net gain or line 19 for a net loss) to the amount of capital gain or loss on line 4 of federal Form 1041. On lines 20a and 20e, it is necessary that gains and losses distributed to beneficiaries be separated from those of the fiduciary. (When completing Part IV, enter all amounts as positive numbers.)

- If the net gain or loss on Schedule WD (line 18 for a net gain or line 19 for a net loss) is the same as the amount of capital gain or loss on line 4 of federal Form 1041, do not complete Part IV. No adjustment to the capital gain or loss is necessary for Wisconsin purposes. Go on to Part V.
- If the estate or trust has a net gain for both federal and Wisconsin purposes, fill in lines 20a and 20b. Also, fill in either line 20c or line 20d, whichever applies.
- If the estate or trust has a net loss for both federal and Wisconsin purposes, fill in lines 20e and 20f. Also fill in either line 20g or line 20h, whichever applies.
- If the estate or trust has a net gain for federal purposes and a net loss for Wisconsin, fill in your federal gain on line 20a and your Wisconsin loss on line 20f. Fill in zero (0) on lines 20b and 20e. Also complete lines 20d and 20g and fill in the result on line 9, Schedule A of Form 2.
- If the estate or trust has a net loss for federal purposes and a net gain for Wisconsin, fill in your federal loss on line 20e and your Wisconsin gain on line 20b. Fill in zero (0) on lines 20a and 20f. Also complete lines 20c and 20h. Add the amounts on lines 20c and 20h and fill in the result on line 4, Schedule A of Form 2.

■ Part V, Computation of Capital Loss Carryovers From 2007 to 2008

If the net loss on line 15, column b is more than the loss on line 19, complete Part V to compute the amount of your capital loss carryover. Complete lines 21 through 25 to figure the short-term capital loss carryover. Complete lines 26 through 30 to figure the long-term capital loss carryover.

SCHEDULE 2K-1 – BENEFICIARY’S SHARE OF INCOME, DEDUCTIONS, ETC.

Schedule 2K-1 shows each beneficiary’s share of income, deductions, etc., distributed by the estate or trust. Schedule 2K-1 requires an entry for the federal amount, adjustment, and Wisconsin amount of each applicable estate or trust item.

Prepare a Schedule 2K-1 for each individual or entity that was a beneficiary during the estate’s or trust’s taxable year. Enclose a copy of each beneficiary’s Schedule 2K-1 with the Form 2 filed with the department. Keep a copy as part of the estate’s or trust’s records and give each beneficiary his or her own separate copy.

EXCEPTIONS: A Schedule 2K-1 need not be prepared for a Wisconsin resident beneficiary if there are no differences between federal and Wisconsin income, deductions, gains or losses and

there are no Wisconsin credits or withholding to be reported. Schedule 2K-1 need not be prepared for nonresident beneficiaries if the income, deductions, etc., distributed are not from Wisconsin sources and there are no Wisconsin credits to be reported. Income from Wisconsin sources includes:

- Wages, salaries, commissions, and other income for personal services performed in Wisconsin.
- Rents and royalties from tangible property located in Wisconsin, such as land, buildings, and machinery.
- Gains or losses from sales or other dispositions of tangible property located in Wisconsin, such as land, buildings, and machinery.

- Profits or losses from businesses, professions, and farm operations conducted in Wisconsin, including sole proprietorships, partnerships, limited liability companies (LLCs), and tax-option (S) corporations.
- Income from the Wisconsin state lottery, a multijurisdictional lottery if the winning lottery ticket or lottery share was purchased from a Wisconsin retailer, or pari-mutuel wager winnings and purses.
- Winnings from a casino or bingo hall located in Wisconsin and operated by a Native American tribe or band.

On each Schedule 2K-1, enter the name and federal identification number of the trust or estate. Also enter the beneficiary's identifying number (social security number for individuals), name, and address and the fiduciary's name and address in the appropriate spaces.

Column b. Federal Amount – Enter the applicable amount from federal Schedule K-1.

EXCEPTION: If the federal amount was computed using a provision of federal law that Wisconsin doesn't follow, you must first complete Schedule B on Form 2, page 3. See the instructions for lines 1 through 9 of Schedule 2K-1 for more information.

Column c. Adjustment – Enter the amount of any additions or subtractions from federal income (modifications and any other adjustments) made to arrive at the amount of any item of estate or trust income, deduction, etc., reportable under Wisconsin law.

Column d. Wisconsin Amount – Enter the amount of each estate or trust item which is reportable by the beneficiary under Wisconsin law (column b plus or minus column c).

SPECIFIC INSTRUCTIONS

Lines 1 through 9. Enter in column b the amount from federal Schedule K-1 unless the item is computed under a provision of federal law that Wisconsin doesn't follow. Enter total federal long-term capital gains on line 4, column b.

If an item is computed under a provision of federal law that cannot be used for Wisconsin purposes, enter in column b the amount from the federal Schedule K-1 plus or minus, as appropriate, the beneficiary's share of the amount from Schedule B, column 1 of Form 2. On line 13, identify the beneficiary's share of the amount from Schedule B, column 1 as a "Schedule I Adjustment" if the beneficiary is an individual or a "Schedule B Adjustment" if the beneficiary is a trust or estate. Each beneficiary must account for this federal – Wisconsin difference on Wisconsin Schedule I (or Schedule B).

Enter the amount of the beneficiary's share of modifications from lines 3, 5, 8, 10, and 11 of Schedule A, Form 2 on the appropriate lines of Schedule 2K-1, column c. Show addition modifications as a positive number and subtraction modifications as a negative number.

Example 1: If the federal amount on line 1, column b of Schedule 2K-1 includes any U.S. government interest, show the beneficiary's share of the amount of U.S. government interest as a subtraction modification in column c.

Example 2: If the federal amount on line 6, 7, or 8, column b of Schedule 2K-1 includes a deduction for state and local income taxes, show the beneficiary's share of the amount of taxes as an addition modification in column c.

NOTE: Do not adjust for state and municipal interest on line 1, column c. Enter state and municipal interest taxable to Wisconsin as a subtraction on line 13, column c under "Tax-exempt interest."

For lines 3 and 4, enter in column d the beneficiary's share of the amounts from lines 6c and 14c of Wisconsin Schedule WD (Form 2). Enter in column b the amounts from lines 3 and 4a of the federal K-1. The difference between column d and column b is entered as the adjustment in column c.

Line 10. If the beneficiary is an individual, the Wisconsin amount in column d is zero. If the beneficiary is another estate or a trust, the amount in column d will be the same as column b.

Line 11. If an amount is entered in column b as "Excess deductions" and the beneficiary is an individual, enter the negative of the amount in column b in column c and zero in column d. If the beneficiary is an estate or trust, the amount to enter in column c is determined as explained in the previous column under "Column c. Adjustment."

Line 12. Enter the beneficiary's share of adjustment for minimum tax purposes and distributable tax preference items from federal Schedule K-1. If any adjustment on lines 5 through 9 in column c of Schedule 2K-1 relates to an item that generates an "adjustment" or tax preference amount for minimum tax purposes, any resulting increase or decrease in the amount of the "adjustment" or tax preference for Wisconsin purposes should be entered as an adjustment in column c.

For example, for Wisconsin purposes an adjustment is reported on line 6 in column c of Schedule 2K-1, to increase by \$10,000 the amount of depreciation on an asset that has a larger basis for Wisconsin than for federal purposes. This depreciation is computed under an accelerated method and \$4,000 of the \$10,000 represents a tax preference. Therefore, \$4,000 would be entered on line 12, column c under "Accelerated depreciation."

Line 13. If any portion of an amount entered in column b as "Tax-exempt interest" is taxable for Wisconsin purposes, enter it as a subtraction in column c. The amount in column d is the amount of tax-exempt interest for Wisconsin purposes.

Lines 14a through 14i. Enter on these lines any credits from Wisconsin Schedules DI, TC, DC, VC, IE, EC, DM, and HR that are allocable to the beneficiary.

Line 14j. Enter in column d the withholding tax paid by the trust or estate on behalf of a nonresident beneficiary. If a nonresident beneficiary claims exemption from withholding because they are an exempt entity, enclose a copy of the exemption statement with the Form 2 filed with the department.

If the trust or estate is a member of another entity that withheld Wisconsin income tax from that entity's income that is passed through to the trust's or estate's beneficiaries, also include that tax withheld in column d.

SCHEDULE CC INSTRUCTIONS – INFORMATION REQUIRED WHEN REQUESTING A CLOSING CERTIFICATE

ESTATES: The department will issue a Closing Certificate for Fiduciaries to an estate only in cases where a Wisconsin court requires a certificate to close a proceeding. The request for the closing certificate can be made at the time the return is filed for the year prior to the final year.

Complete Part I of Schedule CC and sign at the bottom of page 2. Enclose copies of the inventory and will including any codicils, as well as the information requested in Part I of Schedule CC. If any of this information was previously submitted with a Wisconsin estate tax return, it is not necessary to submit additional copies. Mail Schedule CC and enclosures to the following address (Form 2, if being filed at the same time, should be mailed together with Schedule CC. However, do **not** staple or paper clip Schedule CC and enclosures to Form 2 and enclosures.):

Wisconsin Department of Revenue
PO Box 8918
Madison WI 53708-8918

The certificate will be mailed or a letter sent in six to eight weeks. If a Form W706, *Wisconsin Estate Tax Return*, is required to be filed (see "INDIVIDUAL/ESTATE TAX RETURN FOR A DECEDENT" on page 2), the Closing Certificate for Fiduciaries will not be issued until Form W706 is filed. The receipt of the closing certificate does not relieve the fiduciary from the responsibility of filing the final fiduciary return.

NOTE: If line 8L in Part I of Schedule CC plus any adjusted taxable gifts is more than \$675,000, you are required to file a Wisconsin Estate Tax Return (Form W706), even though no federal Estate Tax Return (Form 706) is required. Contact the Wisconsin Department of Revenue for additional information.

TRUSTS: A Closing Certificate for Fiduciaries is issued to a trust only when the trust is under the supervision of the Probate Court. The Probate Court requires the Department of Revenue to verify that a trust under their jurisdiction has filed all tax returns and paid all taxes before releasing the trustee and allowing the trust to close. The Closing Certificate for Fiduciaries is the document that is used by the Department of Revenue to inform the court that all tax returns have been filed and all taxes paid.

The certificate may be issued in the year prior to the final year of the trust to expedite the closing of the trust. This does not relieve the trust of the requirement to file a final return.

Complete Part II of Schedule CC and sign at the bottom of page 2. Enclose copies of the trust instrument and any amendments, a statement as to why the trust is closing, and copies of the annual court accountings for the previous 3 years. If annual accountings have not been filed with the court, provide verification that the court requires the Closing Certificate for Fiduciaries to close a proceeding. Mail Schedule CC and enclosures to the following address (Form 2, if being filed at the same time, should be mailed together with Schedule CC. However, do **not** staple or paper clip Schedule CC and enclosures to Form 2 and enclosures.):

Wisconsin Department of Revenue
PO Box 8918
Madison WI 53708-8918

The certificate will be mailed within 120 days.

2007 TAX TABLE

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
			4,000	4,100	186	9,500	9,600	440	15,000	15,100	778	20,500	20,600	1,122
			4,100	4,200	191	9,600	9,700	446	15,100	15,200	784	20,600	20,700	1,128
			4,200	4,300	196	9,700	9,800	452	15,200	15,300	790	20,700	20,800	1,135
			4,300	4,400	200	9,800	9,900	458	15,300	15,400	797	20,800	20,900	1,141
			4,400	4,500	205	9,900	10,000	465	15,400	15,500	803	20,900	21,000	1,148
			4,500	4,600	209	10,000	10,100	471	15,500	15,600	809	21,000	21,100	1,154
			4,600	4,700	214	10,100	10,200	477	15,600	15,700	815	21,100	21,200	1,161
			4,700	4,800	219	10,200	10,300	483	15,700	15,800	821	21,200	21,300	1,167
			4,800	4,900	223	10,300	10,400	489	15,800	15,900	827	21,300	21,400	1,174
			4,900	5,000	228	10,400	10,500	495	15,900	16,000	834	21,400	21,500	1,180
			5,000	5,100	232	10,500	10,600	501	16,000	16,100	840	21,500	21,600	1,187
			5,100	5,200	237	10,600	10,700	508	16,100	16,200	846	21,600	21,700	1,193
			5,200	5,300	242	10,700	10,800	514	16,200	16,300	852	21,700	21,800	1,200
0	20	0	5,300	5,400	246	10,800	10,900	520	16,300	16,400	858	21,800	21,900	1,206
20	40	1	5,400	5,500	251	10,900	11,000	526	16,400	16,500	864	21,900	22,000	1,213
40	100	3	5,500	5,600	255	11,000	11,100	532	16,500	16,600	870	22,000	22,100	1,219
100	200	7	5,600	5,700	260	11,100	11,200	538	16,600	16,700	877	22,100	22,200	1,226
200	300	12	5,700	5,800	265	11,200	11,300	544	16,700	16,800	883	22,200	22,300	1,232
300	400	16	5,800	5,900	269	11,300	11,400	551	16,800	16,900	889	22,300	22,400	1,239
400	500	21	5,900	6,000	274	11,400	11,500	557	16,900	17,000	895	22,400	22,500	1,245
500	600	25	6,000	6,100	278	11,500	11,600	563	17,000	17,100	901	22,500	22,600	1,252
600	700	30	6,100	6,200	283	11,600	11,700	569	17,100	17,200	907	22,600	22,700	1,258
700	800	35	6,200	6,300	288	11,700	11,800	575	17,200	17,300	913	22,700	22,800	1,265
800	900	39	6,300	6,400	292	11,800	11,900	581	17,300	17,400	920	22,800	22,900	1,271
900	1,000	44	6,400	6,500	297	11,900	12,000	588	17,400	17,500	926	22,900	23,000	1,278
1,000	1,100	48	6,500	6,600	301	12,000	12,100	594	17,500	17,600	932	23,000	23,100	1,284
1,100	1,200	53	6,600	6,700	306	12,100	12,200	600	17,600	17,700	938	23,100	23,200	1,291
1,200	1,300	58	6,700	6,800	311	12,200	12,300	606	17,700	17,800	944	23,200	23,300	1,297
1,300	1,400	62	6,800	6,900	315	12,300	12,400	612	17,800	17,900	950	23,300	23,400	1,304
1,400	1,500	67	6,900	7,000	320	12,400	12,500	618	17,900	18,000	957	23,400	23,500	1,310
1,500	1,600	71	7,000	7,100	324	12,500	12,600	624	18,000	18,100	963	23,500	23,600	1,317
1,600	1,700	76	7,100	7,200	329	12,600	12,700	631	18,100	18,200	969	23,600	23,700	1,323
1,700	1,800	81	7,200	7,300	334	12,700	12,800	637	18,200	18,300	975	23,700	23,800	1,330
1,800	1,900	85	7,300	7,400	338	12,800	12,900	643	18,300	18,400	981	23,800	23,900	1,336
1,900	2,000	90	7,400	7,500	343	12,900	13,000	649	18,400	18,500	987	23,900	24,000	1,343
2,000	2,100	94	7,500	7,600	347	13,000	13,100	655	18,500	18,600	993	24,000	24,100	1,349
2,100	2,200	99	7,600	7,700	352	13,100	13,200	661	18,600	18,700	1,000	24,100	24,200	1,356
2,200	2,300	104	7,700	7,800	357	13,200	13,300	667	18,700	18,800	1,006	24,200	24,300	1,362
2,300	2,400	108	7,800	7,900	361	13,300	13,400	674	18,800	18,900	1,012	24,300	24,400	1,369
2,400	2,500	113	7,900	8,000	366	13,400	13,500	680	18,900	19,000	1,018	24,400	24,500	1,375
2,500	2,600	117	8,000	8,100	370	13,500	13,600	686	19,000	19,100	1,024	24,500	24,600	1,382
2,600	2,700	122	8,100	8,200	375	13,600	13,700	692	19,100	19,200	1,031	24,600	24,700	1,388
2,700	2,800	127	8,200	8,300	380	13,700	13,800	698	19,200	19,300	1,037	24,700	24,800	1,395
2,800	2,900	131	8,300	8,400	384	13,800	13,900	704	19,300	19,400	1,044	24,800	24,900	1,401
2,900	3,000	136	8,400	8,500	389	13,900	14,000	711	19,400	19,500	1,050	24,900	25,000	1,408
3,000	3,100	140	8,500	8,600	393	14,000	14,100	717	19,500	19,600	1,057	25,000	25,100	1,414
3,100	3,200	145	8,600	8,700	398	14,100	14,200	723	19,600	19,700	1,063	25,100	25,200	1,421
3,200	3,300	150	8,700	8,800	403	14,200	14,300	729	19,700	19,800	1,070	25,200	25,300	1,427
3,300	3,400	154	8,800	8,900	407	14,300	14,400	735	19,800	19,900	1,076	25,300	25,400	1,434
3,400	3,500	159	8,900	9,000	412	14,400	14,500	741	19,900	20,000	1,083	25,400	25,500	1,440
3,500	3,600	163	9,000	9,100	416	14,500	14,600	747	20,000	20,100	1,089	25,500	25,600	1,447
3,600	3,700	168	9,100	9,200	421	14,600	14,700	754	20,100	20,200	1,096	25,600	25,700	1,453
3,700	3,800	173	9,200	9,300	426	14,700	14,800	760	20,200	20,300	1,102	25,700	25,800	1,460
3,800	3,900	177	9,300	9,400	430	14,800	14,900	766	20,300	20,400	1,109	25,800	25,900	1,466
3,900	4,000	182	9,400	9,500	435	14,900	15,000	772	20,400	20,500	1,115	25,900	26,000	1,473

2007 TAX TABLE (Continued)

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
26,000	26,100	1,479	31,500	31,600	1,837	37,000	37,100	2,194	42,500	42,600	2,552	48,000	48,100	2,909
26,100	26,200	1,486	31,600	31,700	1,843	37,100	37,200	2,201	42,600	42,700	2,558	48,100	48,200	2,916
26,200	26,300	1,492	31,700	31,800	1,850	37,200	37,300	2,207	42,700	42,800	2,565	48,200	48,300	2,922
26,300	26,400	1,499	31,800	31,900	1,856	37,300	37,400	2,214	42,800	42,900	2,571	48,300	48,400	2,929
26,400	26,500	1,505	31,900	32,000	1,863	37,400	37,500	2,220	42,900	43,000	2,578	48,400	48,500	2,935
26,500	26,600	1,512	32,000	32,100	1,869	37,500	37,600	2,227	43,000	43,100	2,584	48,500	48,600	2,942
26,600	26,700	1,518	32,100	32,200	1,876	37,600	37,700	2,233	43,100	43,200	2,591	48,600	48,700	2,948
26,700	26,800	1,525	32,200	32,300	1,882	37,700	37,800	2,240	43,200	43,300	2,597	48,700	48,800	2,955
26,800	26,900	1,531	32,300	32,400	1,889	37,800	37,900	2,246	43,300	43,400	2,604	48,800	48,900	2,961
26,900	27,000	1,538	32,400	32,500	1,895	37,900	38,000	2,253	43,400	43,500	2,610	48,900	49,000	2,968
27,000	27,100	1,544	32,500	32,600	1,902	38,000	38,100	2,259	43,500	43,600	2,617	49,000	49,100	2,974
27,100	27,200	1,551	32,600	32,700	1,908	38,100	38,200	2,266	43,600	43,700	2,623	49,100	49,200	2,981
27,200	27,300	1,557	32,700	32,800	1,915	38,200	38,300	2,272	43,700	43,800	2,630	49,200	49,300	2,987
27,300	27,400	1,564	32,800	32,900	1,921	38,300	38,400	2,279	43,800	43,900	2,636	49,300	49,400	2,994
27,400	27,500	1,570	32,900	33,000	1,928	38,400	38,500	2,285	43,900	44,000	2,643	49,400	49,500	3,000
27,500	27,600	1,577	33,000	33,100	1,934	38,500	38,600	2,292	44,000	44,100	2,649	49,500	49,600	3,007
27,600	27,700	1,583	33,100	33,200	1,941	38,600	38,700	2,298	44,100	44,200	2,656	49,600	49,700	3,013
27,700	27,800	1,590	33,200	33,300	1,947	38,700	38,800	2,305	44,200	44,300	2,662	49,700	49,800	3,020
27,800	27,900	1,596	33,300	33,400	1,954	38,800	38,900	2,311	44,300	44,400	2,669	49,800	49,900	3,026
27,900	28,000	1,603	33,400	33,500	1,960	38,900	39,000	2,318	44,400	44,500	2,675	49,900	50,000	3,033
28,000	28,100	1,609	33,500	33,600	1,967	39,000	39,100	2,324	44,500	44,600	2,682	50,000	50,100	3,039
28,100	28,200	1,616	33,600	33,700	1,973	39,100	39,200	2,331	44,600	44,700	2,688	50,100	50,200	3,046
28,200	28,300	1,622	33,700	33,800	1,980	39,200	39,300	2,337	44,700	44,800	2,695	50,200	50,300	3,052
28,300	28,400	1,629	33,800	33,900	1,986	39,300	39,400	2,344	44,800	44,900	2,701	50,300	50,400	3,059
28,400	28,500	1,635	33,900	34,000	1,993	39,400	39,500	2,350	44,900	45,000	2,708	50,400	50,500	3,065
28,500	28,600	1,642	34,000	34,100	1,999	39,500	39,600	2,357	45,000	45,100	2,714	50,500	50,600	3,072
28,600	28,700	1,648	34,100	34,200	2,006	39,600	39,700	2,363	45,100	45,200	2,721	50,600	50,700	3,078
28,700	28,800	1,655	34,200	34,300	2,012	39,700	39,800	2,370	45,200	45,300	2,727	50,700	50,800	3,085
28,800	28,900	1,661	34,300	34,400	2,019	39,800	39,900	2,376	45,300	45,400	2,734	50,800	50,900	3,091
28,900	29,000	1,668	34,400	34,500	2,025	39,900	40,000	2,383	45,400	45,500	2,740	50,900	51,000	3,098
29,000	29,100	1,674	34,500	34,600	2,032	40,000	40,100	2,389	45,500	45,600	2,747	51,000	51,100	3,104
29,100	29,200	1,681	34,600	34,700	2,038	40,100	40,200	2,396	45,600	45,700	2,753	51,100	51,200	3,111
29,200	29,300	1,687	34,700	34,800	2,045	40,200	40,300	2,402	45,700	45,800	2,760	51,200	51,300	3,117
29,300	29,400	1,694	34,800	34,900	2,051	40,300	40,400	2,409	45,800	45,900	2,766	51,300	51,400	3,124
29,400	29,500	1,700	34,900	35,000	2,058	40,400	40,500	2,415	45,900	46,000	2,773	51,400	51,500	3,130
29,500	29,600	1,707	35,000	35,100	2,064	40,500	40,600	2,422	46,000	46,100	2,779	51,500	51,600	3,137
29,600	29,700	1,713	35,100	35,200	2,071	40,600	40,700	2,428	46,100	46,200	2,786	51,600	51,700	3,143
29,700	29,800	1,720	35,200	35,300	2,077	40,700	40,800	2,435	46,200	46,300	2,792	51,700	51,800	3,150
29,800	29,900	1,726	35,300	35,400	2,084	40,800	40,900	2,441	46,300	46,400	2,799	51,800	51,900	3,156
29,900	30,000	1,733	35,400	35,500	2,090	40,900	41,000	2,448	46,400	46,500	2,805	51,900	52,000	3,163
30,000	30,100	1,739	35,500	35,600	2,097	41,000	41,100	2,454	46,500	46,600	2,812	52,000	52,100	3,169
30,100	30,200	1,746	35,600	35,700	2,103	41,100	41,200	2,461	46,600	46,700	2,818	52,100	52,200	3,176
30,200	30,300	1,752	35,700	35,800	2,110	41,200	41,300	2,467	46,700	46,800	2,825	52,200	52,300	3,182
30,300	30,400	1,759	35,800	35,900	2,116	41,300	41,400	2,474	46,800	46,900	2,831	52,300	52,400	3,189
30,400	30,500	1,765	35,900	36,000	2,123	41,400	41,500	2,480	46,900	47,000	2,838	52,400	52,500	3,195
30,500	30,600	1,772	36,000	36,100	2,129	41,500	41,600	2,487	47,000	47,100	2,844	52,500	52,600	3,202
30,600	30,700	1,778	36,100	36,200	2,136	41,600	41,700	2,493	47,100	47,200	2,851	52,600	52,700	3,208
30,700	30,800	1,785	36,200	36,300	2,142	41,700	41,800	2,500	47,200	47,300	2,857	52,700	52,800	3,215
30,800	30,900	1,791	36,300	36,400	2,149	41,800	41,900	2,506	47,300	47,400	2,864	52,800	52,900	3,221
30,900	31,000	1,798	36,400	36,500	2,155	41,900	42,000	2,513	47,400	47,500	2,870	52,900	53,000	3,228
31,000	31,100	1,804	36,500	36,600	2,162	42,000	42,100	2,519	47,500	47,600	2,877	53,000	53,100	3,234
31,100	31,200	1,811	36,600	36,700	2,168	42,100	42,200	2,526	47,600	47,700	2,883	53,100	53,200	3,241
31,200	31,300	1,817	36,700	36,800	2,175	42,200	42,300	2,532	47,700	47,800	2,890	53,200	53,300	3,247
31,300	31,400	1,824	36,800	36,900	2,181	42,300	42,400	2,539	47,800	47,900	2,896	53,300	53,400	3,254
31,400	31,500	1,830	36,900	37,000	2,188	42,400	42,500	2,545	47,900	48,000	2,903	53,400	53,500	3,260

2007 TAX TABLE (Continued)

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
81,000	81,100	5,054	86,500	86,600	5,412	92,000	92,100	5,769	97,500	97,600	6,127
81,100	81,200	5,061	86,600	86,700	5,418	92,100	92,200	5,776	97,600	97,700	6,133
81,200	81,300	5,067	86,700	86,800	5,425	92,200	92,300	5,782	97,700	97,800	6,140
81,300	81,400	5,074	86,800	86,900	5,431	92,300	92,400	5,789	97,800	97,900	6,146
81,400	81,500	5,080	86,900	87,000	5,438	92,400	92,500	5,795	97,900	98,000	6,153
81,500	81,600	5,087	87,000	87,100	5,444	92,500	92,600	5,802	98,000	98,100	6,159
81,600	81,700	5,093	87,100	87,200	5,451	92,600	92,700	5,808	98,100	98,200	6,166
81,700	81,800	5,100	87,200	87,300	5,457	92,700	92,800	5,815	98,200	98,300	6,172
81,800	81,900	5,106	87,300	87,400	5,464	92,800	92,900	5,821	98,300	98,400	6,179
81,900	82,000	5,113	87,400	87,500	5,470	92,900	93,000	5,828	98,400	98,500	6,185
82,000	82,100	5,119	87,500	87,600	5,477	93,000	93,100	5,834	98,500	98,600	6,192
82,100	82,200	5,126	87,600	87,700	5,483	93,100	93,200	5,841	98,600	98,700	6,198
82,200	82,300	5,132	87,700	87,800	5,490	93,200	93,300	5,847	98,700	98,800	6,205
82,300	82,400	5,139	87,800	87,900	5,496	93,300	93,400	5,854	98,800	98,900	6,211
82,400	82,500	5,145	87,900	88,000	5,503	93,400	93,500	5,860	98,900	99,000	6,218
82,500	82,600	5,152	88,000	88,100	5,509	93,500	93,600	5,867	99,000	99,100	6,224
82,600	82,700	5,158	88,100	88,200	5,516	93,600	93,700	5,873	99,100	99,200	6,231
82,700	82,800	5,165	88,200	88,300	5,522	93,700	93,800	5,880	99,200	99,300	6,237
82,800	82,900	5,171	88,300	88,400	5,529	93,800	93,900	5,886	99,300	99,400	6,244
82,900	83,000	5,178	88,400	88,500	5,535	93,900	94,000	5,893	99,400	99,500	6,250
83,000	83,100	5,184	88,500	88,600	5,542	94,000	94,100	5,899	99,500	99,600	6,257
83,100	83,200	5,191	88,600	88,700	5,548	94,100	94,200	5,906	99,600	99,700	6,263
83,200	83,300	5,197	88,700	88,800	5,555	94,200	94,300	5,912	99,700	99,800	6,270
83,300	83,400	5,204	88,800	88,900	5,561	94,300	94,400	5,919	99,800	99,900	6,276
83,400	83,500	5,210	88,900	89,000	5,568	94,400	94,500	5,925	99,900	100,000	6,283
83,500	83,600	5,217	89,000	89,100	5,574	94,500	94,600	5,932	<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;"> 100,000 142,650 6,286 plus 6.50% of the amount over \$100,000 but less than \$142,650 </div>		
83,600	83,700	5,223	89,100	89,200	5,581	94,600	94,700	5,938			
83,700	83,800	5,230	89,200	89,300	5,587	94,700	94,800	5,945			
83,800	83,900	5,236	89,300	89,400	5,594	94,800	94,900	5,951			
83,900	84,000	5,243	89,400	89,500	5,600	94,900	95,000	5,958			
84,000	84,100	5,249	89,500	89,600	5,607	95,000	95,100	5,964	<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;"> \$142,650 or more \$9,058 plus 6.75% of the amount over \$142,650 </div>		
84,100	84,200	5,256	89,600	89,700	5,613	95,100	95,200	5,971			
84,200	84,300	5,262	89,700	89,800	5,620	95,200	95,300	5,977			
84,300	84,400	5,269	89,800	89,900	5,626	95,300	95,400	5,984			
84,400	84,500	5,275	89,900	90,000	5,633	95,400	95,500	5,990			
84,500	84,600	5,282	90,000	90,100	5,639	95,500	95,600	5,997			
84,600	84,700	5,288	90,100	90,200	5,646	95,600	95,700	6,003			
84,700	84,800	5,295	90,200	90,300	5,652	95,700	95,800	6,010			
84,800	84,900	5,301	90,300	90,400	5,659	95,800	95,900	6,016			
84,900	85,000	5,308	90,400	90,500	5,665	95,900	96,000	6,023			
85,000	85,100	5,314	90,500	90,600	5,672	96,000	96,100	6,029			
85,100	85,200	5,321	90,600	90,700	5,678	96,100	96,200	6,036			
85,200	85,300	5,327	90,700	90,800	5,685	96,200	96,300	6,042			
85,300	85,400	5,334	90,800	90,900	5,691	96,300	96,400	6,049			
85,400	85,500	5,340	90,900	91,000	5,698	96,400	96,500	6,055			
85,500	85,600	5,347	91,000	91,100	5,704	96,500	96,600	6,062			
85,600	85,700	5,353	91,100	91,200	5,711	96,600	96,700	6,068			
85,700	85,800	5,360	91,200	91,300	5,717	96,700	96,800	6,075			
85,800	85,900	5,366	91,300	91,400	5,724	96,800	96,900	6,081			
85,900	86,000	5,373	91,400	91,500	5,730	96,900	97,000	6,088			
86,000	86,100	5,379	91,500	91,600	5,737	97,000	97,100	6,094			
86,100	86,200	5,386	91,600	91,700	5,743	97,100	97,200	6,101			
86,200	86,300	5,392	91,700	91,800	5,750	97,200	97,300	6,107			
86,300	86,400	5,399	91,800	91,900	5,756	97,300	97,400	6,114			
86,400	86,500	5,405	91,900	92,000	5,763	97,400	97,500	6,120			

TIPS ON FILING FORM 2

Form 2 is electronically scanned. Its processing (and any refund) is delayed when the scanner cannot correctly read the information on it. **To aid in the scanning process**, be sure to do the following when completing Form 2:

- Use BLACK INK. Pencils, colored ink, and markers do not scan well.
- Write name and address information clearly using BLOCK CAPITAL LETTERS like this: A B C D ...
- NEVER USE COMMAS when filling in dollar amounts. They can be read as a “1” by scanners.
- Round off amounts to WHOLE DOLLARS – NO CENTS.
- Do not use parentheses () for a negative number. Use a negative sign, -8300 rather than (8300).
- Print your numbers like this: **0 1 2 3 4 5 6 7 8 9** Do not use: **Ø 1 4 7**
- Do not add cents in front of the preprinted zeros on entry lines.
- Do not cross out entries. Use white-out, if available, or start over.
- Do not write in the margins.
- Always put entries on the lines, not to the side, above, or below the line.
- Do not submit photocopies to the department. Photocopies can cause unreadable entries.
- Lines where no entry is required should be left blank. Do not fill in zeros or zeros with lines through them.
- Do not draw vertical lines in entry fields. They can be read as a “1” by scanners.
- Do not use staples when assembling Form 2 and enclosures.
- If mailing more than one Form 2 at a time, use colored separator sheets in between returns.