

BENEFICIARY'S INSTRUCTIONS FOR REPORTING WISCONSIN INCOME, DEDUCTIONS, ETC., FROM 2009 SCHEDULE 2K-1

Purpose of Schedule 2K-1

Similar to federal Schedule K-1, a trust or estate uses Schedule 2K-1 to report to you your share of the trust's or estate's income, deductions, etc. Lines 1 through 12 coincide with lines 1 through 12 of the federal Schedule K-1. Please keep it for your records.

Although an estate or trust is subject to income tax, you are liable for tax on your share of its income. There is never a double tax. If an estate or trust must distribute all of its income, you must report your share of the income distributed whether or not you have actually received it. If the fiduciary has the choice of whether to distribute all or a part of the current income, you must report all income that is required to be distributed to you, whether or not it is actually distributed, plus all other amounts actually paid or credited to you, to the extent of your share of distributable net income.

Note: In addition to items reported to you on Schedule 2K-1, you must report any personal representative fees paid to you from an estate.

General Information

Inconsistent Treatment of Items – Generally, you must report items shown on your Schedule 2K-1 (and any schedules) consistently with the way the trust or estate treated the items on its return. If your treatment is (or may be) inconsistent with the estate or trust, enclose a statement with your return explaining the inconsistency and your reason for such inconsistency.

Errors – If you believe the estate or trust has made an error on your Schedule 2K-1, notify the estate or trust and ask for a corrected copy. Do not alter your copy. Be sure the estate or trust sends the corrected Schedule 2K-1 to the department.

Specific Instructions

Name, Address, and Identifying Number – Check that your name, address, and identifying number as well as the estate's or trust's name, address, and identifying number are filled in.

Lines 1 through 9 – The entries on these lines show the federal amount, adjustment, and Wisconsin amount of any distributive share items. Generally, you should have reported the federal amount on your federal income tax return. However, if the federal amount was computed using a provision of federal law that Wisconsin doesn't follow, the federal amount shown in column (b) will be the amount computed under federal law that applies for Wisconsin. The estate or trust will identify these amounts on line 13 as "Schedule I adjustments" or "Schedule B adjustments." If you have a Schedule I (or Schedule B) adjustment, complete Wisconsin Schedule I (or Schedule B) before filling in your Wisconsin return.

If the Wisconsin amount of any share item on lines 1 through 9 differs from the federal amount, you must account for this difference on your individual, trust, or estate income tax return. How you account for the difference depends on the share item and whether you are filing a Form 1 (Wisconsin residents), Form 1NPR (Wisconsin part-year residents or nonresidents), or Form 2 (trust or estate).

- If you are filing Form 1 or Form 2 as a resident trust or estate, account for any difference between the Wisconsin and federal amount of a share item on lines 1, 2, and 5 through 9 that is allowable in computing Wisconsin adjusted gross income by filling in the amount from Schedule 2K-1, column (c) on Form 1, lines 2 through 4 or lines 6 through 11, as appropriate, or Form 2, Schedule A.
- If you are filing Form 1NPR or Form 2 as a part-year or nonresident trust or estate, include in column B on the appropriate line of Form 1NPR or Schedule NR, along with any other Wisconsin income or loss, the Wisconsin amount (column (d)) of any share item on lines 1, 2, and 5 through 9 that must be included in Wisconsin income.
- Fill in the amount from line 3, column (d), on line 3 of Schedule WD. Fill in the amount from line 4a, column (d), on line 10 of Schedule WD.
- If you are filing Form 1 or Form 1NPR, fill in the amount from line 4b on line 19 of Schedule WD. If you are filing Form 2, fill in only the nondistributable portion of the amount on line 4b on line 19 of Schedule WD.

Line 10 – If you are filing Form 1 or Form 1NPR, there is no itemized deduction credit for the estate tax deduction.

Line 11 – Fill in any short-term capital loss carryover from column (d) on line 3 of Schedule WD. Fill in any long-term capital loss carryover from column (d) on line 10 of Schedule WD.

If you are filing Form 1 or 1NPR, any excess deductions reported on line 11 are not allowed to be claimed in computing the Wisconsin itemized deduction credit.

If you are filing Form 2 as a resident trust or estate, include any amount reported in column (c) as an addition or subtraction modification on Schedule A. Part-year and nonresident trusts and estates must include the nondistributable portion of any amount reported in column (c) that applies to Wisconsin in the computation of Wisconsin taxable income in Part I of Schedule NR. Any distributable portion is reported on Schedule 2K-1.

Line 12 – The entries on this line show the federal amount, adjustment, and Wisconsin amount of distributive share items relating to the alternative minimum tax and tax preference items. If the Wisconsin amount of any share item differs from the federal amount, you must account for the difference on Wisconsin Schedule MT. Fill in the total of the adjustments from column (c) on line 8 of Schedule MT.

Line 13 – If you are filing Form 1, include any tax-exempt interest shown as a subtraction in column (c) on line 2. If you are filing Form 1NPR, only tax-exempt interest received while you were a Wisconsin resident should be included on line 2, column B as a positive number.

If you are filing Form 2 as a resident trust or estate, include any tax-exempt interest shown as a subtraction in column (c) on line 2 of Schedule A as a positive number. Part-year and nonresident trusts and estates must include the nondistributable portion of tax-exempt interest that applies to Wisconsin on line 1, column (b) of Part I of Schedule NR as a positive number. Any distributable portion is reported on Schedule 2K-1.

Lines 14a and 14b – If you are filing Form 1, include any amount reported on line 14a on line 4 and any amount reported on line 14b on line 11. If you are filing Form 1NPR, include in column B of line 15 any amounts from lines 14a and 14b that must be included in the computation of Wisconsin adjusted gross income.

If you are filing Form 2 as a resident trust or estate, include any amount reported on line 14a on line 5 of Schedule A and any amount from line 14b on line 11 of Schedule A. Part-year and nonresident trusts and estates must include the nondistributable portion of any amounts from lines 14a and 14b that apply to Wisconsin in the computation of Wisconsin taxable income in Part I of Schedule NR. Any distributable portion is reported on Schedule 2K-1.

Lines 15a through 15q – Enter any credits from these lines on Schedules DI (dairy and livestock farm investment credit), TC (technology zone credit), DC (development zones credit), VC (angel investment credit and early stage seed investment credit), IE (Internet equipment credit), EC (enterprise zone jobs credit), DM (dairy manufacturing facility investment credit and dairy cooperatives credit), FP (film production services credit), MI (manufacturing investment credit), EB (ethanol and biodiesel fuel pump credit), ED (Wisconsin economic development tax credit), and MP (meat processing facility investment credit).

Line 15r – See the instructions for line 23 of Form 1 or line 49 of Form 1NPR.

Line 15s – Enter any credit from this line on line 1 of Schedule CR.

Line 15t – Enter Wisconsin tax withheld from line 15t on the appropriate line of your Wisconsin tax return.