2025 Schedule OS Instructions

General Instructions

Purpose of Schedule OS

Schedule OS is used by individuals, estates, and trusts to compute the credit for net income tax paid to another state.

For additional information on this credit, get Publication 125, *Credit for Tax Paid to Another State*. This and other publications can be found on the department's website at revenue.wi.gov.

Note: The use in these instructions of the terms partnership and tax-option (S) corporation include a limited liability company (LLC) that is treated as that type of entity for Wisconsin tax purposes. The terms shareholder and partner also include a member of an LLC who is treated the same for Wisconsin tax purposes.

Who Is Eligible For the Credit

You may be eligible for the credit for net income tax paid to another state if:

- You were a Wisconsin resident for all or part of 2025, and
- You paid 2025 income tax to Wisconsin and to another state or the District of Columbia on the same income. “State” does not include the Commonwealth of Puerto Rico or the several territories organized by Congress.

You may **not** claim credit for any tax paid to a local unit of government that is not paid directly to the state (such as a city, county, or school district) or for any tax that is not an income tax (such as a severance tax, personal property tax, real estate tax, or sales and use tax).

Limitations The following limitations apply for 2025:

- The credit cannot be more than the amount of net tax payable to Wisconsin on income that is taxable to both Wisconsin and the other state. This limitation does not apply to income that is taxable to both Wisconsin and to Minnesota, Iowa, Illinois, or Michigan.
- You may not claim the manufacturing and agriculture (M&A) credit and the credit for net income tax paid to another state to the extent they are both based on the same qualified production activities income (QPAI). One of the credits must be recomputed to exclude the QPAI used in claiming the other credit.
- You may not claim the credit for net income tax paid to another state if you are a shareholder or partner of a tax-option (S) corporation or partnership, and the tax-option (S) corporation or partnership elected to be taxed at the entity level in Wisconsin.

Servicemembers and Their Spouses If you are a servicemember or a spouse of a servicemember and you meet the conditions under 50 U.S.C. 4001, you may elect for purposes of taxation to use any of the following as your state of residence: (1) your residence (2) your spouse's residence or (3) the permanent duty station of the servicemember.

Federal law prohibits states (other than the state of residence) from taxing (1) the servicemember's compensation for military service or (2) the income for services performed by the spouse of the servicemember.

If you do not elect to use Wisconsin as your state of residence, you may not claim a credit for tax paid to another state unless you meet the limited circumstance under "Nonresidents" below.

If you elect to use Wisconsin as your state of residence, you may qualify for a credit for taxes paid to another state on income that is taxable to both Wisconsin and the other state.

Wisconsin residents working in Illinois, Indiana, Kentucky, or Michigan If you had 2025 state income tax withheld for Illinois, Indiana, Kentucky, or Michigan from income earned from working in one of those states as an employee, do **not** use Schedule OS. You can get a refund of the tax withheld for the period you were a Wisconsin resident by filing that other state’s income tax return with that state. Income earned as an employee includes wages, salaries, tips, commissions, bonuses, etc. For more information, get Wisconsin Publication 121, *Reciprocity*.

If you paid a 2025 net income tax to one of those states on income other than from wages, salaries, tips, commissions, bonuses, etc. (such as from a business, unemployment compensation, rental property, or from the sale of real property), you may be eligible for the credit based on that income. Complete Schedule OS.

Part-year residents To be eligible, you must have been a Wisconsin resident when you received the income that was taxed by both states.

Nonresidents You generally must be a full-year or part-year Wisconsin resident to claim the credit. There is a limited circumstance in which a nonresident may claim the credit. If you are a shareholder of a tax-option (S) corporation or partner of a partnership, that files its return on a fiscal-year basis, you may claim a credit for tax paid by such entity for a period during which you were a Wisconsin resident.

Caution: This exception does not apply if the tax-option (S) corporation or partnership made an election to be taxed at the entity level in Wisconsin.

Credit computed by a tax-option (S) corporation or partnership You may claim the credit based on your share of income taxes paid to another state by a tax-option (S) corporation or partnership if the income from the entity is included in Wisconsin income.

If the tax-option (S) corporation or partnership filed a composite income tax return with another state and paid tax on your behalf to that state, complete lines 1-24 and 30-41. Use a separate column for each state to which tax was paid. Do not complete lines 25-29 to report the tax paid to the other state on your behalf. You may have to contact the entity to determine the state to which the tax was paid, your distributive share of the entity's income on which tax was paid on your behalf, and the type of income on which the tax was paid (e.g., ordinary income from trade or business activities, long-term capital gain, interest income, etc.). You will need this information when completing Schedule OS.

If the tax-option (S) corporation or partnership filed its own income tax return with another state and paid tax on its income to that state, complete lines 24-41. Use a separate column for each state to which tax was paid. Do not complete lines 1-23 to report the tax paid by the entity on its income. You may have to contact the entity to determine the state to which the tax was paid, your pro rata share of the amount of income taxable to the other state, and the type of income on which the tax was paid (for example, ordinary income from trade or business activities, long-term capital gain, interest, etc.). You will need this information when completing lines 24-41.

Note Entity-Level Tax Elections

- Do not complete lines 25-29 of Part III to report tax paid by a tax-option (S) corporation or partnership to another state on your behalf if **all** the following apply:
  - The entity paid tax at the entity level in another state
  - The entity did NOT elect to pay tax at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats.
  - You received a **refundable** credit, similar to pass-through withholding, on your individual income tax return in the other state for the full amount of your share of tax paid at the entity level in the other state

  Instead, complete lines 1-24 of Parts I, II, and III, and lines 30-41 of Part IV. Do NOT reduce the net tax on line 22 by your refundable credit claimed in the other state for tax paid by the entity in the other state.
- If the tax-option (S) corporation or partnership elected to pay tax at the entity level in another state but not for Wisconsin and the individual owner receives a **nonrefundable** credit for the tax paid by the entity to report on the other state's individual income tax return, complete Parts III and IV to report your distributive share of the income and net tax paid reported by the entity.
- If the tax-option (S) corporation or partnership made an election to be taxed at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats., the income from the entity is not included in your Wisconsin income. Therefore, you may not claim a credit for tax paid by the entity to the other state, and no income from the entity or tax paid by it should be reported in Parts I through IV. If you complete Parts I and II for other income taxed by another state, you must reduce the net tax on line 22 by any credit (nonrefundable or refundable) you claimed in the other state for tax paid by the entity in the other state.

If You Paid Tax To More Than Two Other States

If you paid a 2025 net state income tax on the same income to Wisconsin and to more than two other states:

1. Complete additional Schedules OS, as needed, through line 39,
2. Add the amounts from line 39 from any additional Schedules OS, and
3. Fill in the total on line 40 of your first Schedule OS.

Line Instructions

First complete your income tax return for the other state. The credit is computed using amounts from that other state's return.

Note: Be sure to enter the postal abbreviation for the state at the top of each column.

Part I – Income from Other State

Lines 1 – 17 Complete a separate column for each state to which tax was paid for 2025. Fill in the amount of each income and adjustment item that was taxed by the other state. These amounts are generally shown on a nonresident or part-year resident return or a schedule showing the other state source income attached to the other state return.

These line descriptions correspond to lines used for reporting income and adjustments for federal tax purposes. Do **not** fill in your federal income on these lines, even in those cases where the other state computes tax based on federal income and then prorates the tax based on the amount of that state source income to federal income. Fill in only the other state source income and adjustments.

Note: All items of income or adjustment shown on the other state's return must be listed on lines 1–10 and 12–16. If there is not a specific line on Schedule OS, include any income item on line 10 and any adjustment item on line 16. Enter a description of the item on the line provided. If the amount on line 10 or 16 includes more than one item, provide a schedule detailing each item.

If a tax-option (S) corporation or partnership filed a composite income tax return with another state and paid tax to that state on your behalf, fill in the income on which tax was paid by the entity. For example, if the entity paid tax on your behalf on $10,000 of business income and $5,000 of long-term capital gain, fill in $10,000 on line 2 and $5,000 on line 3.

Note If a tax-option (S) corporation or partnership elected to pay tax at the entity level in another state and **both** of the statements below are true, treat it similar to the filing of a composite return and complete lines 1-24 of Parts I, II, and III, and lines 30-41 of Part IV. Do not complete lines 25-29 of Part III to report tax paid by the entity.

- The entity did NOT elect to pay tax at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats.
- You received a **refundable** credit, similar to pass-through withholding, on your individual income tax return in the other state for the full amount of your share of tax paid at the entity level in the other state

CAUTION If the tax-option (S) corporation or partnership made an election to be taxed at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats., the income from the entity is not included in your Wisconsin income. Therefore, you may not claim a credit for tax paid by the entity to the other state and no income from the entity should be included on lines 1 through 20.

Line 18 For each state, fill in the total income taxed by that state. This will generally be the amount on line 11 less the amount on line 17.

Part II – Calculation of Credit (Individual, Estate, or Trust Income Tax)

Line 19 Fill in the amount of income taxable by both Wisconsin and the other state on line 19.

Note: If you computed the M&A credit on Schedule MA-A or MA-M without excluding the portion based on qualified production activities income (QPAI) taxed by other states, you must exclude the amount of QPAI used to compute that credit from the income taxable to both Wisconsin and the other state.

CAUTION Wisconsin taxes only 70% of the net gain on the sale of assets held more than one year (40% for net gain on the sale of farm assets). Most states tax 100% of such gain. When the credit is claimed for tax paid to another state for gain on the sale of property that was held more than one year, the amount of income taxable by Wisconsin is generally less than the amount taxed by the other state.

Example 1: You filed an Illinois income tax return and reported a $10,000 gain on the sale of property held more than one year. For Wisconsin tax purposes, you claim the 30% capital gain exclusion. The amount of income taxable by both Wisconsin and the other state is $7,000 ($10,000 less the $3,000 capital gain exclusion).

Example 2: You filed a California income tax return and reported a $20,000 gain on the sale of property held more than one year. For Wisconsin tax purposes, a portion of the gain was offset by a $4,000 capital loss. You claim the 30% capital gain exclusion on the remaining $16,000 resulting in taxable capital gain of $11,200 for Wisconsin. The amount of income taxable by both Wisconsin and the other state is $15,200 ($4,000 which is included in Wisconsin income but offset by the capital loss plus $11,200 which is taxable after the capital gain exclusion is applied). **Note:** In this example, if you had more than one long-term capital gain, a portion of the loss would be allocated to each gain. See Wisconsin Publication 125 for more information.

Line 20 For each state, fill in the total income taxed by the other state **before** subtracting any standard or itemized deductions or personal exemptions. This will generally be the amount on line 18.

Note: If you computed the M&A credit on Schedule MA-A or MA-M without excluding the portion based on QPAI taxed by other states, you must exclude the amount of QPAI used to compute that credit from the total income taxed by the other state.

Line 22 For each column, from the income tax return of the other state, fill in the **net tax amount** after any required proration and after subtracting all credits (both nonrefundable and refundable credits). Do not include tax withheld or estimated tax payments as a credit.

Example: Your income tax return from the other state shows the following:

Gross tax	$ 1,000.
Less nonrefundable credit	100.
	900.
Tax withheld	600.
Estimated tax payment.	400.
Refundable credit	100.
Refund	$ 200.

The amount to fill in on line 22 is $800. This consists of $1,000 gross tax less $100 nonrefundable credit and less $100 refundable credit.

CAUTION Do NOT reduce net tax on line 22 by your credit claimed in another state for your share of tax paid by a tax-option (S) corporation or partnership in the other state if **all** the following apply:

- The entity paid tax at the entity level in the other state
- The entity did NOT elect to pay tax at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats.
- You received a **refundable** credit, similar to pass-through withholding, on your individual income tax return in the other state for the full amount of your share of tax paid at the entity level in the other state

CAUTION If the tax-option (S) corporation or partnership made an election to be taxed at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats., the income from the entity is not included in your Wisconsin income. Therefore, you may not claim a credit for tax paid by the entity to the other state and you must reduce the net tax on line 22 by any credit (nonrefundable or refundable) you claimed in the other state for tax paid by the entity in the other state.

Note: If you computed the M&A credit on Schedule MA-A or MA-M without excluding the portion based on QPAI taxed by other states, you must remove from the net tax paid to the other state the amount of tax paid on the QPAI used to compute the credit.

Part III – Calculation of Credit (Shareholders, Partners, and Members)

Note **Entity-Level Tax Elections**

- Do not complete lines 25-29 of Part III to report tax paid by a tax-option (S) corporation or partnership to another state on your behalf if **all** the following apply:
  - The entity paid tax at the entity level in another state
  - The entity did NOT elect to pay tax at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats.
  - You received a **refundable** credit, similar to pass-through withholding, on your individual income tax return in the other state for the full amount of your share of tax paid at the entity level in the other state

  Instead, complete lines 1-24 of Parts I, II, and III, and lines 30-41 of Part IV.
- If the tax-option (S) corporation or partnership elected to pay tax at the entity level in another state but not for Wisconsin and the individual owner receives a **nonrefundable** credit for the tax paid by the entity to report on the other state's individual income tax return, complete Parts III and IV to report your distributive share of the income and net tax paid reported by the entity.
- If the tax-option (S) corporation or partnership made an election to be taxed at the entity level in Wisconsin under sec. 71.21(6) or 71.365(4m), Wis. Stats., the income from the entity is not included in your Wisconsin income. Therefore, you may not claim a credit for tax paid by the entity to the other state and no income from the entity or tax paid by it should be reported in Part III.

Line 24 Fill in the 2-letter postal abbreviation for the state to which tax was paid. Failure to fill in the postal abbreviation may result in the credit being denied or a delay in the processing of your return.

Line 25 Fill in your pro rata share of the amount of income taxable to the other state that is also taxable to Wisconsin (for example, ordinary income from trade or business activities, long-term capital gain, interest, etc.). You may have to contact the entity to determine this amount.

Note: If you received an M&A credit from the entity for 2025 and claimed the credit on Schedule MA-A or MA-M without excluding the portion based on QPAI taxed by other states, you must exclude the amount of QPAI used to compute that credit from the income taxable to both Wisconsin and the other state.

CAUTION Wisconsin taxes only 70% of the net gain on the sale of assets held more than one year (40% for net gain on the sale of farm assets). Most states tax 100% of such gain. When the credit is claimed for tax paid to another state for gain on the sale of property that was held more than one year, the amount of income taxable by Wisconsin is generally less than the amount taxed by the other state. See the two examples under the line 19 instructions.

Line 26 For each state, fill in your pro rata share of the amount of income that is taxed by the other state **before** subtracting any standard or itemized deductions or personal exemptions. You may have to contact the entity to determine this amount.

Note: If you received an M&A credit from the entity for 2025 and claimed the credit on Schedule MA-A or MA-M without excluding the portion based on QPAI taxed by other states, you must exclude the amount of QPAI used to compute that credit from the total income taxed by the other state.

Line 28 For each column, from the income or franchise tax return of the other state, fill in the pro rata share of the net tax amount after any required proration and after subtracting all credits claimed by the entity (both nonrefundable and refundable credits). You may have to contact the entity to determine this amount. Do not reduce the net tax for any credits passed through and claimed at the individual level. Those credits will be accounted for in Parts I and II of Schedule OS.

Include a copy of the Wisconsin Schedule 3K-1 or 5K-1 you received. If the partnership or tax-option (S) corporation did not file a Wisconsin return, submit federal Schedule K-1 plus a statement from the partnership or tax-option (S) corporation listing the states where tax was paid, the type of income that was taxed, and the amount of each state's tax allocable to you.

CAUTION Do not include tax withheld or estimated tax payments as a credit.

Note: If you received an M&A credit from the entity for 2025 and claimed the credit on Schedule MA-A or MA-M without excluding the portion based on QPAI taxed by other states, you must remove from the net tax paid to the other state the amount of tax paid on the QPAI used to compute the credit.

Part IV – Credit Allowed

Line 30 Fill in the amount of income taxable to both Wisconsin and the other state. This should include amounts entered on lines 19 and 25, but do not include the same amount twice.

Example: The income which is taxable to another state for which you paid an individual income tax and the entity paid an income tax is as follows:

Type of Income	Individual	Entity
Ordinary income	$40,000	$20,000
Interest		5,000

You paid an individual income tax to the other state on $40,000 of ordinary income of which the full amount was taxable to Wisconsin. The entity paid an income tax to the other state on a portion of this income. The entity also paid an income tax to the other state on the $5,000 of interest income of which the full amount was taxable to Wisconsin and reported on your individual income tax return. This interest was exempt from taxation to the other state at the individual level. The amount to enter on line 30 is $45,000 ($40,000 of ordinary income plus $5,000 of interest income).

Line 31 Enter Wisconsin income as reported on line 7 of Form 1 or line 30 of Form 1NPR.

For Form 2:

- If both amounts on Form 2, line 5, and Schedule ESBT, line 20, are equal to or greater than 0 (zero), add Form 2, line 5, and Schedule ESBT, line 20, and enter this amount on line 31. The amount of credit resulting from income reported on Form 2, line 5, must be reported on Form 2, line 8. The amount of credit resulting from income reported on Schedule ESBT, line 20, must be reported on Schedule ESBT, line 23.

- If the amount on Form 2, line 5, is a negative amount and Schedule ESBT, line 20, is a positive amount, enter the amount from Schedule ESBT, line 20, on line 31. The credit must be reported on Schedule ESBT, line 23.
- If the amount on Schedule ESBT, line 20, is 0 (zero) and Form 2, line 5, is a positive amount, enter the amount from Form 2, line 5, on line 31. The credit must be reported on Form 2, line 8.

Line 41 Fill in the amount of your credit from line 41 on line 20 of Form 1, line 50 of Form 1NPR, or line 23 of Schedule ESBT and/or line 8 of Form 2. Also fill in the 2-letter postal abbreviation for the state to which you paid the tax in the space to the left of the entry line on Form 1, 1NPR, or 2 or Schedule ESBT (see **Exceptions** below). For example, if you paid tax to California, you would fill in CA in the space.

Exceptions

- If you paid tax to more than one other state, fill in the number **99** in the space instead of a 2-letter postal abbreviation.
- If you have an amount on line 3 of Schedule OS (capital gain/loss), fill in the number **88** in the space instead of the 2-letter postal abbreviation.
- If you have an amount on line 29 of Schedule OS (tax paid by a tax-option (S) corporation or partnership on its income), fill in the number **77** in the space instead of the 2-letter postal abbreviation.
- If you meet the conditions above to fill in both 77 and 88, fill in the number **99** in the space.

Note: Failure to fill in the correct numerical code may result in an incorrect computer adjustment to the amount of your credit.

Attachments Include Schedule(s) OS (both pages 1 and 2) with Form 1, 1NPR, or 2. You must also include a copy of your income tax return(s) from the other state(s) and your Form(s) W-2 (wage statement) or other withholding statement(s) from the other state(s).

If you are claiming credit for tax paid to other states by a partnership or tax-option (S) corporation, include a copy of the Wisconsin Schedule 3K-1 or 5K-1 you received. If the partnership or tax-option (S) corporation did not file a Wisconsin return, submit federal Schedule K-1 plus a statement from the partnership or tax-option (S) corporation listing the states where tax was paid, the type of income that was taxed, and the amount of each state's tax allocable to you.

CAUTION Processing of your return and any refund will be delayed if you do not submit both pages 1 and 2 of Schedule OS and a copy of your return from the other state and any withholding statements. Failure to submit these items will require the department to contact you.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of November 18, 2025: 50 USC 4001 and ch. 71, Wis. Stats.