

Which Form To File For 2000

You may file Form WI-Z if you:	You may file Form 1A if you:	You must file Form 1 if you:	You must file Form 1NPR if you:
<ul style="list-style-type: none"> File federal Form 1040EZ or file your federal return using TeleFile <i>AND</i> Were a Wisconsin resident all year <i>AND</i> Did not have interest income from state, municipal, or U.S. bonds <i>AND</i> Did not receive unemployment compensation <i>AND</i> Are not claiming any credits other than Wisconsin tax withheld from wages, renter's and homeowner's school property tax credit, the working families tax credit, or the married couple credit <i>AND</i> Are not claiming Wisconsin homestead credit. 	<ul style="list-style-type: none"> Were single all year or married and file a joint return or file as head of household <i>AND</i> Were a Wisconsin resident all year <i>AND</i> Have income only from wages, salaries, tips, taxable scholarships and fellowships, interest, dividends, capital gain distributions, unemployment compensation, social security, pensions, annuities, and IRAs <i>AND</i> Have no adjustments to income (except IRA deductions and the student loan interest deduction) <i>AND</i> Are not claiming credit for itemized deductions, tax paid to another state, historic rehabilitation, or repayment of income previously taxed <i>AND</i> Are not subject to a Wisconsin penalty on an IRA or a qualified retirement plan or on a medical savings account. <p>Exception If you used federal Form 4972, you must file Form 1.</p>	<ul style="list-style-type: none"> Were a Wisconsin resident all year <i>AND</i> Were married and file a separate return, or were divorced during the year <i>OR</i> Have income which may not be reported on Form WI-Z or 1A (such as capital gain, rental, farm, or business income) <i>OR</i> Claim adjustments to income (such as for alimony paid, tuition expense, or disability income exclusion) <i>OR</i> Claim credit for itemized deductions, tax paid to another state, historic preservation, or repayment of income previously taxed <i>OR</i> Are subject to a Wisconsin penalty on an IRA or a qualified retirement plan or on a medical savings account <i>OR</i> Are subject to the alternative minimum tax. 	<ul style="list-style-type: none"> Were domiciled* in another state or country at any time during the year <i>OR</i> Are married filing a joint return and your spouse was domiciled* in another state or country at any time during the year. <p>* Your domicile is your true, fixed, and permanent home to which, whenever absent, you intend to return. You can be physically present or residing in one locality but maintain your domicile in another.</p> <p>Your domicile, once established, does not change unless all three of the following circumstances occur or exist:</p> <ol style="list-style-type: none"> You intend to abandon your old domicile and take actions consistent with that intent <i>AND</i> You intend to acquire a new domicile and take actions consistent with that intent <i>AND</i> You are physically present in the new domicile.

Who Must File

Refer to the table to see if you are required to file a return for 2000.

Filing status	Age as of December 31, 2000	You must file if your gross income* (or total gross income of husband and wife) during 2000 was:
Single	Any age	\$9,000 or more
Married-filing joint return	Any age	\$18,000 or more
Married-filing separate return	Any age	\$9,000 or more (applies to each spouse individually)
Head of household	Under 65 65 or older	\$9,900 or more \$10,100 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 which are exempt from Wisconsin tax (for example, the portion of social security benefits which is not taxable on your Wisconsin return).

Other Filing Requirements

Even if your income is less than the amounts shown on the table, you must file a return for 2000 if:



- You could be claimed as a dependent on someone else's return and either of the following applies:
 - You had gross income of more than \$700 which included at least \$251 of unearned income, or
 - You had gross income (unearned income and earned income combined) of more than –
 - \$7,200 if single
 - \$9,300 if head of household
 - \$12,970 if married filing jointly
 - \$6,160 if married filing separately

Unearned income includes taxable interest, dividends, and taxable scholarship and fellowship grants not reported on a W-2. Earned income includes wages, tips, and taxable scholarship and fellowship grants reported on a W-2.

- You owe a Wisconsin penalty on an Individual Retirement Account (IRA), annuity, or other retirement plan or on a medical savings account.

- You were a nonresident or part-year resident of Wisconsin for 2000 and your gross income (or the combined gross income of you and your spouse) during 2000 was \$2,000 or more.

Who Should File

Even if you do not have to file, you should file to get a refund if:

- You had Wisconsin income tax withheld from your wages.
- You paid estimated taxes for 2000.
- You can take the earned income credit.

Electronic Filing

Electronic filing is one of the fastest ways to receive federal and state income tax refunds. Refunds deposited directly in a financial institution account can be issued in as little as five working days; checks in as little as seven working days. To file your Wisconsin income tax return electronically, you can . . .

- *Use a tax professional.* Check your local telephone directory for the names of tax professionals who offer electronic filing.
- *Use your personal computer.* You may purchase off-the-shelf tax preparation software for installation on your computer, or you may connect to one of the web sites that offer electronic filing. For more information, visit our web site at www.dor.state.wi.us.

When filing electronically, you must file both your federal and Wisconsin returns at the same time.

Although most Wisconsin returns can be filed electronically, there are some which may not. Returns containing one or more of the following items may not be filed electronically:

1. Homestead credit
2. Credit for tax paid to another state
3. Wisconsin Schedule DC, HR, or T

When to File/Extension of Time to File

Your return is due April 16, 2001. If you need an extension of time to file your Wisconsin return, you *do not* need to do anything until you actually file your Form 1. You can use any federal extension provision for Wisconsin even though you may be filing your federal return by April 16, 2001.

When you file your Form 1, attach either a copy of your federal extension application or a statement indicating which federal extension provision you want to use for Wisconsin (for example, automatic 4-month extension).

Note Even though you may have an extension of time to file your return, you will owe interest on any tax not paid by April 16, 2001. Returns not filed by April 16, 2001, or during an extension period, are subject to additional interest and

Eight Steps To Filing Your Return

- ➊ **Get all of your records together** Make sure you have all of your income and expense records, including wage statements and interest and dividend statements, so you can fill in your return correctly.
- ➋ **Fill in your federal return** Before completing Wisconsin Form 1, first fill in your federal return and its supporting schedules. If you are not required to file a federal return, list the sources and amounts of your income and your deductions on a separate attachment.
- ➌ **Fill in your Wisconsin return** Follow the line instructions as you fill in your return.
- ➍ **Sign your Wisconsin return** A joint return must be signed by both spouses.
- ➎ **Check over your Wisconsin return** Check the following items on your return carefully. Your Form 1 will be returned to you or its processing delayed for:
 - missing wage statements,
 - missing signature,
 - missing copy of your federal return (a copy of your federal return must be attached to your Wisconsin return),
 - incomplete renter's or homeowner's information (if school property tax credit claimed),
 - incomplete schedules for the itemized deduction and married couple credits (if credit claimed), or
 - missing list of sources and amounts of income if not required to file a federal return.
- ➏ **Assemble your return** See page 27 for information on assembling your return.
- ➐ **Mail your return** If your Form 1 booklet has a mailing label with your name on the front cover, remove the label and place it in the name and address area of Form 1. Check to see if the information on the label is correct. If it isn't, enter your corrections on the label. Mail your return and all required attachments to the appropriate address listed on page 27 under "Where to File."
- ➑ **Keep a copy of your return**

penalties. If you expect to owe additional tax, you can avoid the 1% per month interest charge during the extension period by paying the tax you will owe by April 16, 2001. Submit the payment with a 2000 Wisconsin Form 1-ES. A copy of Form 1-ES is available at any Department of Revenue office.

Farmers and fishers (individuals who earn at least two-thirds of their gross income from farming or fishing) who do not make payments of estimated income tax must file their 2000 Wisconsin income tax return and pay any tax due by March 1, 2001, to avoid paying interest for underpayment of estimated tax.

Tax Help or Additional Forms

As you fill out your Form 1, if you find you need help or additional forms, these are available at any of the following Department of Revenue offices:

Madison – 2135 Rimrock Rd. (zip code 53702-0001)
income tax information (608)266-2772 or (608)266-2486
forms requests (608) 266-1961



Milwaukee—State Office Bldg., 819 N. 6th St., Rm. 408
(zip code 53203-1682)
income tax information (414) 227-4000
forms requests (414) 227-4440

Appleton – 265 W. Northland Ave. (zip code 54911-2091)
telephone (920) 832-2727

Eau Claire – State Office Bldg., 718 W. Clairemont Ave.
(zip code 54701-6190)
telephone (715) 836-2811

Other offices open on a limited schedule (generally Mondays) are: Baraboo, Beaver Dam, Elkhorn, Fond du Lac, Grafton, Green Bay, Hayward, Hudson, Janesville, Kenosha, LaCrosse, Lancaster, Manitowoc, Marinette, Marshfield, Monroe, Oshkosh, Racine, Rhinelander, Rice Lake, Shawano, Sheboygan, Superior, Tomah, Watertown, Waukesha, Waupaca, Wausau, West Bend, and Wisconsin Rapids.

FAX To receive tax forms and publications by fax, call the Department of Revenue's Fax-A-Form Document Retrieval System at (608) 261-6229 from the telephone connected to your fax machine.

Internet Address www.dor.state.wi.us. You may obtain forms, publications, and additional information from our Internet web site.

People who are Deaf or Hard-of-Hearing Phone help is available for people who are deaf or hard-of-hearing and have TTY equipment. Call (608) 267-1049 in Madison or (414) 227-4147 in Milwaukee. These numbers are to be used only when calling with TTY equipment.

Questions About Refunds – Call (608) 266-8100 in Madison or (414) 227-4907 in Milwaukee or Visit our Internet Web Site

If you must contact the Department of Revenue about your refund, please wait at least 10 weeks after filing your Form 1. You may call the number indicated above or write to: Department of Revenue, PO Box 8903, Madison WI 53708-8903. When calling, be sure to have your social security number and the dollar amount of your refund available.

If you call from a touch-tone telephone, an automated response is available 24 hours a day, seven days a week. Operator assistance is available Monday through Friday from 7:45 a.m. to 4:15 p.m.

You may also obtain information about your refund through our Internet web site at www.dor.state.wi.us.

Informational 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) Corporation Shareholders
- 103 Reporting Capital Gains and Losses for Wisconsin
- 104 Wisconsin Taxation of Military Personnel
- 106 Wisconsin Tax Information for Retirees
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2000
- 111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue
- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act
- 114 Wisconsin Taxpayer Bill of Rights
- 117 Guide to Wisconsin Information Returns
- 120 Net Operating Losses for Individuals, Estates, and Trusts
- 121 Reciprocity
- 122 Tax Information for Part-Year Residents and Non-residents
- 125 Credit for Tax Paid to Another State
- 126 How Your Retirement Benefits Are Taxed
- 205 Do You Owe Wisconsin Use Tax?
- 400 Wisconsin's Recycling Surcharge
- 503 Wisconsin Farmland Preservation Credit
- 600 Wisconsin Taxation of Lottery Winnings
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings

Before completing Form 1, first fill in your federal return and its supporting attachments. If you are not required to file a federal return, list the sources and amounts of your income and deductions on a separate attachment and include it with your Form 1.

Follow these line instructions to complete your Form 1. Prepare one copy for your records and another copy to be filed with the Department of Revenue.

Note Use blue or black ink to complete the copy of Form 1 that you submit to the department. Do not use pencil or red ink.

■ **Name and Address** If your booklet has a mailing label with your name on the front cover, remove the label and place it in the name and address area of the tax return that you file. If your name or address is wrong, correct the label by drawing a line through the incorrect information and printing the correct information clearly on the label. If you are married filing a joint return, check that your spouse's name is also on the label and that it is correct. Do not use the label if your name is not on it.

If you did not receive a booklet with a label, print or type your name and address in the spaces provided on Form 1. If you are married filing a joint return, fill in your spouse's name (even if your spouse did not have any income).

■ **Social Security Number** Fill in your social security number in the space provided on Form 1. Also fill in your spouse's social security number if married filing a joint return.

Note You must fill in your social security number even though you may be using the mailing label from the cover of your tax booklet.

■ **Quick Refund** To receive your refund check in as little as two weeks, you **must use an unaltered and current label**. You must also:

- (1) have a Wisconsin address,
- (2) not claim homestead credit,
- (3) not owe delinquent taxes, delinquent child support, or have debts to other state agencies, municipalities, or counties,
- (4) fill in the amount of your refund (using dollars and cents) from line 47 in the Quick Refund box,
- (5) file by April 1, 2001, and
- (6) mail your return to: Quick Refund, PO Box 38, Madison WI 53787-0001.

Note If you qualify for the earned income credit and request that the department compute your credit (see line 40 instructions), you may not claim a Quick Refund.

If you receive a Quick Refund and you have an error in computation, an additional refund or a billing, with interest if appropriate, will be issued to you after processing of your tax return is completed.

Note An alternative to using the Quick Refund procedure is to file electronically. You may be able to get your refund even faster by filing electronically. See page 4 for further information.

■ **Filing Status** Check one of the boxes to indicate your filing status for 2000. If more than one filing status applies to you, choose the one that will give you the lowest tax.

Note If you obtained a decree of divorce or separate maintenance during 2000 or are married and will file a separate return (including a married person filing as head of household), you should get Publication 109, *Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2000*, for information on what income you must report.

Single You are considered single if, on December 31, 2000:

- You were never married, or
- You were legally separated under a **final** decree of divorce or separate maintenance, or
- You were widowed before January 1, 2000, and did not remarry in 2000.

Married filing joint return Most married couples will pay less tax if they file a joint return. You and your spouse may file a joint return if:

- You were married as of December 31, 2000, or
- Your spouse died in 2000 and you did not remarry in 2000, or
- Your spouse died in 2001 before filing a 2000 return.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both spouses must sign the return, and both are responsible for any tax due on the joint return. This means that if one spouse does not pay the tax due, the other may have to.

A joint return cannot be filed if you and your spouse have different tax years.

If you file a joint return, you cannot, after the due date of the return, change your mind and file separate returns for that year.

Married filing separate return In most instances if you file a separate return, you will pay more state tax than if you file jointly. Some reasons a higher tax may be determined on separate returns are as follows:

- You cannot take the credit for a married couple when both spouses are employed.
- If you lived with your spouse at any time in 2000:
 - a. A greater amount of any unemployment compensation you received in 2000 may be taxable.
 - b. A greater amount of any social security benefits you received in 2000 may be taxable.
- You will not qualify for the disability income exclusion.
- You will not qualify for the earned income credit.

Head of household To use this filing status for Wisconsin purposes, you must qualify to file your federal income tax return using the head of household filing status. Use of this filing status is generally restricted to unmarried individuals who paid over half the cost of keeping up a home for a qualifying person such as a child or parent. However, certain married persons who lived apart from their spouses for the last 6 months of 2000 may also qualify.

If you are not required to file a federal return, contact any Department of Revenue office to see if you qualify. If your federal filing status is qualifying widow(er) with dependent child, use the head of household filing status for Wisconsin.

■ **State Election Campaign Fund** You may designate \$1 to this fund by checking the box. If you are married, your spouse may also designate \$1 to this fund. Checking the box will neither change your tax nor reduce your refund.

■ **Tax District** Check the proper box and fill in the name of the Wisconsin city, village, or town and the county in which you lived on December 31, 2000.

■ **School District Number** Refer to page 38. Fill in the number of the school district in which you were living on December 31, 2000.

Rounding Off to Whole Dollars You may round off cents to the nearest dollar. You can drop amounts under 50¢ and increase amounts from 50¢ to 99¢ to the next dollar. For example, \$1.39 becomes \$1 and \$2.69 becomes \$3.

■ Line 1 Federal Adjusted Gross Income

Fill in your federal adjusted gross income from:

- line 33 of your federal Form 1040,
- line 19 of federal Form 1040A,
- line 4 of federal Form 1040EZ, or
- line I of your federal TeleFile Tax Record.

Note If your federal adjusted gross income from line 33 of your federal Form 1040 is a loss, place a negative sign (–) in the box **immediately to the left** of the loss amount. Do not use brackets or parentheses.

Example →

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Exception The federal adjusted gross income that you must fill in on line 1 of Form 1 may not always be the same as the amount reported as adjusted gross income on your federal Form 1040. Differences may occur because Wisconsin generally uses the provisions of federal law as amended to December 31, 1999.

New federal laws enacted after December 31, 1999, may not be used for Wisconsin.

CAUTION At the time these instructions were released for printing (November 15, 2000) no additional new federal income tax laws had been enacted during 2000. If any additional federal income tax provisions are enacted later this year, you can find a list of those provisions that do not apply for Wisconsin in the instructions for Wisconsin Schedule I.

Wisconsin law also provides that the following provision of federal law does not apply for Wisconsin (even though this provision was enacted into federal law prior to December 31, 1999):

- The exclusion for 50% of the gain from the sale or exchange of qualified small business stock issued after August 10, 1993, and held for more than five years.

Line 1 instructions – continued

If any provision of federal law which does not apply for Wisconsin purposes affects your federal adjusted gross income, you must complete Wisconsin Schedule I and attach it to your Form 1. The amount you fill in on line 1 of Form 1 (and amounts filled in on Schedule 1 on page 4 of Form 1) should be the revised amount determined on Schedule I. Schedule I is available from any department office.

To the extent Schedule I adjustments in a prior year affect income or expense items in 2000 (for example, ACRS depreciation was not allowed to be claimed on residential real property or certain farm property placed in service during 1986), you must also make adjustments on Schedule I for 2000.

You may also be required to complete Schedule I if you sold assets during 2000, and the gain or loss from the sale is different for Wisconsin and federal purposes due to Schedule I adjustments made in a prior year. This would occur, for example, if different rates of depreciation were allowed for Wisconsin and federal purposes. See the instructions for Schedule I for more information.

■ Line 2 State and Municipal Interest

Fill in the amount of interest you received from state and municipal bonds. This will generally be the amount shown on line 8b of your federal Form 1040 or 1040A or the amount identified as tax-exempt interest on line 2 of Form 1040EZ. (If you were required for federal purposes to allocate expenses to this income, reduce the amount to be filled in by such expenses.)

Exception If you received interest income which is exempt for state and federal tax purposes, do not include this interest income on line 2. Interest income which is exempt for 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 before January 29, 1987, except business development revenue bonds, economic development revenue bonds, and CHAP housing revenue bonds,
- (6) 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,
- (7) local exposition district bonds,
- (8) Wisconsin professional baseball park district bonds,
- (9) bonds issued by the Government of Puerto Rico, Guam, or the Virgin Islands, and
- (10) local cultural arts district 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.

Line 4 instructions – continued

Line 3 Capital Gain / Loss Addition

If your federal adjusted gross income includes capital gains and/or losses (see line 13, Form 1040), you must complete Schedule WD.

Schedule WD (Part IV) determines whether any capital gain/loss addition must be reported on line 3. For example, after completing Schedule WD, you may be required to include an amount as an addition to income on line 3 because Wisconsin law limits the deduction for a net capital loss to \$500.

Note If your only capital gain or loss is a capital gain distribution from a mutual fund or real estate investment trust, do not complete line 3. See the Exception in the instructions for line 10.

Line 4 Other Additions

Fill in on line 4 any of the additions described below that apply to you. Describe each addition. If more space is needed, attach a note to your Form 1.

Note See Additions To or Subtractions From Income on page 16 for information on other items which may have to be included on line 4.

(a) Farm Losses An addition may be required if farm losses were deducted on your federal tax return and you were *not* actively engaged in the farming operations that produced those losses.

To be “actively engaged in farming” with respect to a farming operation, you must make a significant contribution of:

- Capital, equipment, or land, or a combination of capital, equipment, or land; and
- Active personal labor or active personal management, or a combination of both.

Factors you must take into consideration in determining if you contribute a significant amount of active personal labor or active personal management include:

- The type of crops and livestock produced;

- The normal and customary farming practices of the area; and
- The total amount of labor and management which is necessary for such a farming operation in the area.

In order to be considered to be actively engaged in a farming operation, you must have (1) a share of the profits or losses from the farming operation which is commensurate with your contributions to the operation, and (2) contributions to the farming operation which are at risk.

Your combined net losses from farming operations in which you are not actively engaged in farming are limited if your nonfarm Wisconsin adjusted gross income is more than \$55,000 (\$27,500 if married filing separately).

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 tables below, include the excess on line 4.

Example For 2000, a single taxpayer reports a loss of \$25,000 on Schedule E from a farm partnership (the taxpayer is not actively engaged in this farming operation), and a profit of \$5,000 from the rental of farmland. The taxpayer’s nonfarm Wisconsin adjusted gross income is \$60,000. Therefore, only \$20,000 of the \$25,000 farm loss may be deducted for 2000. The taxpayer must fill in \$5,000 on line 4.

(b) Federal Net Operating Loss Carryover Fill in any amount deducted as a federal net operating loss carryover. (See the instructions for line 11, part (h), for information about the Wisconsin net operating loss carryforward.)

(c) Income (Lump-Sum Distributions) Reported on Federal Form 4972 Income from a lump-sum distribution is taxable to Wisconsin. If you reported a lump-sum distribution on federal Form 4972, you must also include the distribution in Wisconsin income. Fill in on line 4 the total of (1) the capital gain part of the lump-sum distribution from line 6 of Form 4972 and (2) the taxable amount from line 10 of Form 4972. You may reduce this amount by any federal estate tax on line 18 of Form 4972.

**Farm Loss Limits –
Single persons and married persons
filing joint return**

Nonfarm Wisconsin Adjusted Gross Income		Maximum Allowable Loss
More Than	But Not More Than	
\$ 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

**Farm Loss Limits –
Married persons filing separate returns
(including married filing as head of household)**

Nonfarm Wisconsin Adjusted Gross Income		Maximum Allowable Loss
More Than	But Not More Than	
\$ 0	..... \$ 27,500	Full Amount
27,500	..... 37,500	10,000
37,500	..... 50,000	8,750
50,000	..... 75,000	7,500
75,000	..... 100,000	6,250
100,000	..... 125,000	5,000
125,000	..... 150,000	3,750
150,000	..... 300,000	2,500
300,000	.....	No Loss

Line 4 instructions – continued

CAUTION If the amount on line 10 of Form 4972 was computed using the rules for multiple recipients of a lump-sum distribution, include only your share of the taxable amount on line 10 less your share of any federal estate tax attributable to the lump-sum distribution on line 18.

Note No portion of a lump-sum distribution may be reported as a capital gain on Wisconsin Schedule WD.

(d) Farmland Preservation Credit and Farmland Tax Relief Credit The total amount of farmland preservation credit and farmland tax relief credit you received during 2000 must be reported as income. Fill in on line 4 any portion of your farmland preservation credit and farmland tax relief credit which was not included as income on your federal tax return.

(e) Development Zones Credit Fill in the amount of your development zones credit that you computed in Part I of Wisconsin Schedule DC. The amount of your credit is income and must be reported on your Wisconsin Form 1, even if you cannot take the full credit this year and must carry part of it forward. (**Note** Development zones credit that you receive from a partnership or tax-option (S) corporation will be accounted for when you make the adjustment described in paragraph (a)(1) or (b) on page 16.) See page 28 for information on where to claim the development zones credit.

(f) 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 adjusted gross income (see federal Form 8621).

(g) Manufacturer’s Sales Tax Credit Fill in the amount of manufacturer’s sales tax credit that you computed for 2000. This is the amount from line 10 (line 11 for beneficiaries of an estate or trust) of Schedule MS. The amount of your credit is income and must be reported on your Wisconsin Form 1, even if you cannot take the full credit this year and must carry part of it forward. (**Note** Manufacturer’s sales tax credit that you receive from a partnership or a tax-option (S) corporation will be accounted for when you make the adjustment described in paragraph (a)(1) or (b) on page 16.)

Line 6 State Income Tax Refund

Refunds of state and local income taxes are not taxable for Wisconsin purposes. Fill in on line 6 the amount from federal Form 1040, line 10.

Line 7 United States Government Interest

Fill in the amount of interest on United States bonds and interest and dividends of certain United States government corporations which you included on line 1 of Form 1. This income is not taxable for Wisconsin purposes.

An ordinary dividend received from a mutual fund which invests in U.S. government securities may be partially or completely nontaxable for Wisconsin purposes. If information you received from a mutual fund advises you that any portion of its ordinary dividend is from investments in U.S. government securities, you may include that portion of the ordinary dividend as U.S. government interest on line 7.

Line 7 instructions – continued

CAUTION Do not fill in on line 7, interest from Ginnie Mae (Government National Mortgage Association) securities and other similar securities which are “guaranteed” by the United States government. You must include interest from these securities in your Wisconsin taxable income.

Line 8 Unemployment Compensation

You may have a different amount of unemployment compensation taxable for Wisconsin and federal purposes. Complete the worksheet below to see if you can subtract any portion of the unemployment compensation which you included as income on your federal tax return.

Unemployment Compensation Worksheet	
<i>Check only one box.</i>	
<input type="checkbox"/> A. Married filing a joint return – write \$18,000 on line 3 below.	
<input type="checkbox"/> B. Married not filing a joint return and lived with your spouse at any time during the year – write -0- on line 3 below.	
<input type="checkbox"/> C. Married not filing a joint return and DID NOT live with your spouse at any time during the year – write \$12,000 on line 3 below.	
<input type="checkbox"/> D. Single – write \$12,000 on line 3 below.	
1. Fill in unemployment compensation from line 19 of federal Form 1040 (line 13 of Form 1040A, line 3 of Form 1040EZ, or line D of your federal TeleFile Tax Record) . . .	1. _____
2. Fill in your federal adjusted gross income from line 33 of federal Form 1040 (line 19 of Form 1040A, line 4 of Form 1040EZ, or line I of your federal TeleFile Tax Record)	2. _____
3. Fill in \$18,000 if you checked box A; or -0- if you checked box B; or \$12,000 if you checked box C or D . . .	3. _____
4. Fill in taxable social security benefits, if any, from line 20b of federal Form 1040 (line 14b of Form 1040A)	4. _____
5. Fill in taxable refunds, credits, or offsets, if any, from line 10 of federal Form 1040 . . .	5. _____
6. Add lines 3, 4, and 5	6. _____
7. Subtract line 6 from line 2. If zero or less, fill in -0- here and on line 9 of this worksheet and do not complete line 8. Otherwise, go on to line 8 . . .	7. _____
8. Fill in one-half of the amount on line 7	8. _____
9. Fill in the smaller amount of line 1 or line 8.	9. _____
10. Subtract line 9 from line 1. Fill in this amount on line 8 of Form 1 as your subtraction for unemployment compensation. If lines 1 and 9 are equal, fill in -0-	10. _____

Line 9 Social Security Adjustment

If line 7 of your federal Social Security Benefits Worksheet in the Form 1040A or 1040 instructions is more than \$34,000 (\$44,000 if married filing jointly or \$0 if your filing status is married filing a separate return and you lived with your spouse at any time during 2000), complete the worksheet on page 10 to figure the difference between the amount of social security taxable for Wisconsin and federal purposes.

Line 9 instructions – continued

Note Lines 2 and 3 of the worksheet below refer to lines on the federal Social Security Benefits Worksheets included in the federal Form 1040 and Form 1040A instructions. If you use one of the other federal worksheets (e.g., the worksheet for social security recipients who contribute to an IRA), use the equivalent lines on that worksheet. If you received a lump-sum payment of social security benefits in 2000 that included benefits for prior years and you used separate worksheets for each year to figure the amount of social security taxable on your federal return, contact any Department of Revenue office for information on how to figure the nontaxable amount.

Wisconsin Social Security Benefits Worksheet <i>(Keep for your records)</i>	
1. Taxable social security benefits from line 14b of federal Form 1040A or line 20b of Form 1040	1. _____
2. Amount from line 2 of your federal Social Security Benefits Worksheet	2. _____
3. Amount from line 9 of your federal Social Security Benefits Worksheet	3. _____
4. Fill in one-half of line 3	4. _____
5. Compare line 2 and line 4. Fill in the smaller amount	5. _____
6. Subtract line 5 from line 1. Fill in this amount on line 9 of Form 1	6. _____

Line 10 Capital Gain / Loss Subtraction

If your federal adjusted gross income includes capital gains and/or losses (see line 13, Form 1040 or line 10, Form 1040A), you must complete Schedule WD.

Schedule WD (Part IV) determines whether any capital gain/loss subtraction must be reported on line 10. For example, after completing Schedule WD, you may be able to include an amount as a subtraction from income on line 10 because you qualify for the Wisconsin 60% capital gain exclusion.

Note **EXCEPTION** If you reported a capital gain distribution from a mutual fund or real estate investment trust on line 13 of your federal Form 1040 or line 10 of Form 1040A and have no additional capital gains or losses reportable to Wisconsin, you may claim a capital gain exclusion on line 10. Fill in 60% of the amount of the capital gain distribution on line 10. Do not complete Wisconsin Schedule WD.

Line 11 Other Subtractions

Fill in on line 11 any of the subtractions described below that apply to you. Describe each subtraction. If more space is needed, attach a note to your Form 1.

Note See Additions To or Subtractions From Income on page 16 for information on other items which may have to be included on line 11.

Line 11 instructions – continued

(a) Medical Care Insurance If you paid medical care insurance costs during 2000 while you were self-employed or an employe whose employer did not contribute toward the cost of your medical care insurance, you may be able to subtract a portion of the cost of your medical care insurance.

“Medical care insurance” means a medical care insurance policy that covers you, your spouse, and dependents and provides surgical, medical, hospital, major medical, or other health service coverage. It does not include premiums for:

- Long-term care insurance,
- Life insurance policies,
- Policies providing payment for loss of earnings,
- Policies for loss of life, limb, sight, etc.,
- Policies that pay you a guaranteed amount each week for a stated number of weeks if you are hospitalized for sickness or injury, or
- The part of your car insurance premiums that provides medical insurance coverage for all persons injured in or by your car.

If you participate in your employer’s fringe benefit cafeteria plan and agree to a voluntary salary reduction in return for a medical care insurance benefit, you may not consider the amount of your salary reduction an amount you paid for medical care insurance. In this situation, your employer is considered to have paid for your medical care insurance. Such programs may be known as, for example, flexible spending accounts, employe reimbursement accounts, etc.

If you are self-employed, complete Worksheet 1. If you are an employe whose employer did not contribute toward the cost of your medical care insurance, complete Worksheet 2.

Worksheet 1 – Self-Employed Persons	
1. Amount you paid for medical care insurance in 2000 while you were self-employed	1. _____
2. Self-employed health insurance deduction from line 28 of federal Form 1040*	2. _____
3. Amount of medical care insurance deducted on federal Schedule C or F for your employe spouse	3. _____
4. Add lines 2 and 3	4. _____
5. Subtract line 4 from line 1	5. _____
6. Net earnings from a trade or business**	6. _____
7. Fill in the smaller of line 5 or 6 here and on line 11 of Form 1. This is your subtraction for medical care insurance	7. _____
* Do not include any amounts deducted for long-term care insurance.	
** Net earnings from a trade or business means income from self-employment, including ordinary income from a trade or business as reported on Form 4797, line 18, and less the deduction for one-half of self-employment tax. The total earnings from a trade or business of both spouses are included. Do not include losses from a trade or business.	

Line 11 instructions – continued

Line 11 instructions – continued

Worksheet 2 – Employees

1. Amount you paid for medical care insurance in 2000 while you were an employe whose employer did not contribute toward the cost of the insurance . 1. _____
2. Fill in one-half of the amount on line 1 . . . 2. _____
3. Total wages, salaries, tips, and other employe compensation of both spouses . 3. _____
4. Fill in the smaller of line 2 or 3 here and on line 11 of Form 1. This is your subtraction for medical care insurance* . 4. _____

* **CAUTION** If you qualify for the subtraction both as a self-employed person and as an employe and –

- a. *You were self-employed for the entire taxable year*, your total subtraction (line 7 of Worksheet 1 plus line 4 of Worksheet 2) cannot be more than the amount you filled in on line 5 of Worksheet 1.
- b. *You were self-employed for only part of the taxable year*, your total subtraction (line 7 of Worksheet 1 plus line 4 of Worksheet 2) cannot be more than the total amount paid for medical care insurance during the period in which you were self-employed and in which you were an employe whose employer did not contribute towards the cost of the insurance, less the amount on line 4 of Worksheet 1.

Worksheet – Long-Term Care Insurance

1. Amount paid for long-term care insurance in 2000 1. _____
2. Portion of long-term care insurance cost included as a self-employed health insurance deduction on line 28 of federal Form 1040 . . . 2. _____
3. Portion of long-term care insurance cost deducted on federal Schedule C or F for your employe spouse 3. _____
4. Add lines 2 and 3 4. _____
5. Subtract line 4 from line 1 5. _____
6. Fill in total taxable wages, taxable unearned income (e.g., interest, dividends, capital gains, pensions), and net earnings from a trade or business* (include both spouse's income if married filing a joint return) . . . 6. _____
7. Fill in the smaller of line 5 or 6. This is your subtraction for long-term care insurance 7. _____

* Net earnings from a trade or business is your income from self-employment, including ordinary income from a trade or business as reported on Form 4797, line 18, and less the deduction for one-half of self-employment tax. Do not include losses from a trade or business.

(b) Long-Term Care Insurance If you paid long-term care insurance costs during 2000, you may be able to subtract all or a portion of the cost of a long-term care insurance policy which covers you or your spouse.

“Long-term care insurance policy” means a disability insurance policy or certificate advertised, marketed, offered, or designed primarily to provide coverage for care that is provided in your home or in an institutional or community-based setting. The care must be convalescent or custodial care or care for a chronic condition or terminal illness.

“Long-term care insurance policy” does not include a medicare supplement policy or medicare replacement policy or a continuing care contract. “Continuing care contract” means a contract which provides nursing services, medical services, or personal care services, in addition to food, shelter, and laundry services, for the duration of a person’s life or for a term in excess of one year, conditioned upon any of the following payments:

- An entrance fee in excess of \$10,000.
- Providing for the transfer of at least \$10,000 (if the amount is expressed in dollars) or 50% of the person’s estate (if the amount is expressed as a percentage of the person’s estate) to the service provider upon the person’s death.

If you paid long-term care insurance costs during 2000 for a policy which covers you or your spouse, complete the following worksheet to determine the amount of your subtraction.

(c) Tuition Expenses You may be able to claim a subtraction for up to \$3,000 (per student) of the amount you paid during 2000 for tuition for you, your spouse (if married filing a joint return), and children whom you claim as dependents on your federal income tax return.

The tuition must have been paid during 2000 to attend any of the following:

- Classes in Wisconsin at a school which qualifies as a university, college, or technical college. A “university, college, or technical college” is any school which has a curriculum leading to a diploma, degree, or occupational or vocational objective.
- Classes in Wisconsin at other post-secondary (post-high school) schools that have been approved by the Wisconsin Educational Approval Board.
- Classes in Minnesota at a public vocational school or public institution of higher education in Minnesota under the Minnesota–Wisconsin tuition reciprocity agreement.
- Classes outside Wisconsin provided the tuition is paid to a university, college, or technical collage located in Wisconsin.

The subtraction does not apply to tuition paid to pre-schools or elementary or secondary schools (for example, grade schools and high schools).

Line 11 instructions – continued

Tuition paid to a school which fits into one of the four categories listed above may be subtracted regardless of the type of course taken. For example, tuition paid for craft or recreational courses at a technical college qualifies for the subtraction.

Tuition paid to a school which does not fit into any of the four categories listed above may not be claimed as a subtraction. For example, the subtraction does not apply to a fee paid to a retail craft store to attend a session on flower arranging.

Tuition paid for correspondence courses or courses received via the Internet or other electronic transmission qualifies for the subtraction as long as the courses are taken in Wisconsin, and are presented by a school (located in or outside Wisconsin) which qualifies as a university, college, or technical college, or a school approved by the Wisconsin Educational Approval Board.

CAUTION The subtraction only applies to tuition. Amounts paid as separate charges for other items such as books, supplies, room and board, or other costs may not be subtracted. You cannot claim a subtraction for tuition paid with certain tax-free funds. For example, you cannot claim a subtraction for tuition paid with tax-free scholarships or Pell grants or for amounts paid or reimbursed to you by your employer. You can subtract tuition paid from loans, gifts, inheritances, and personal savings.

The subtraction is limited if your federal adjusted gross income exceeds certain amounts. Your federal adjusted gross income is the amount from line 33 of federal Form 1040, line 19 of Form 1040A, line 4 of Form 1040EZ, or line I of your TeleFile Tax Record.

Determine your tuition deduction as follows:

Single or Head of Household

- If your federal adjusted gross income is \$50,000 or less, you may subtract the amount paid for tuition during 2000, but not more than \$3,000 per student.* Fill in the amount of your subtraction on line 11.
- If your federal adjusted gross income is more than \$50,000 but less than \$60,000, use the worksheet on this page to figure the amount of your subtraction.
- If your federal adjusted gross income is \$60,000 or more, you may not subtract any amount for tuition expenses.

Married Filing Joint Return

- If your federal adjusted gross income is \$80,000 or less, you may subtract the amount paid for tuition during 2000, but not more than \$3,000 per student.* Fill in the amount of your subtraction on line 11.
- If your federal adjusted gross income is more than \$80,000 but less than \$100,000, use the worksheet on this page to

Line 11 instructions – continued

figure the amount of your subtraction.

- If your federal adjusted gross income is \$100,000 or more, you may not subtract any amount for tuition expenses.

Married Filing Separate Return

- If your federal adjusted gross income is \$40,000 or less, you may subtract the amount paid for tuition during 2000, but not more than \$3,000 per student.* Fill in the amount of your subtraction on line 11.
- If your federal adjusted gross income is more than \$40,000 but less than \$50,000, use the worksheet below to figure the amount of your subtraction.
- If your federal adjusted gross income is \$50,000 or more, you may not subtract any amount for tuition expenses.

Tuition Expense Worksheet

CAUTION Only certain taxpayers are required to complete this worksheet. See the instructions for your filing status.

1. Amount paid for tuition in 2000. Do not fill in more than \$3,000 per student 1. _____
2. Fill in your federal adjusted gross income from line 1 of Form 1 2. _____
3. Fill in \$50,000 (\$80,000 if married filing joint return or \$40,000 if married filing separate return) . . . 3. _____
4. Subtract line 3 from line 2 4. _____
5. Divide the amount on line 4 by 10,000 (20,000 if married filing joint return). Fill in decimal amount 5. _____
6. Multiply line 1 by the decimal amount on line 5 6. _____
7. Subtract line 6 from line 1. This is your subtraction for tuition expense* 7. _____

* Your subtraction also cannot be more than your total taxable wages, salary, tips, unearned income, (e.g., interest, dividends, capital gains, pensions) and net earnings from a trade or business taxable by Wisconsin.

(d) Retirement Benefits You may subtract any payments received from the retirement systems listed on page 13, to the extent you have included such payments as income on your federal tax return, provided:

- (1) You were retired from the system before January 1, 1964, or
- (2) You were a member of the system as of December 31, 1963, retiring at a later date and payments you receive are from an account established before 1964, or
- (3) You are receiving payments from the system as the beneficiary of an individual who met either condition 1 or 2.

Line 11 instructions – continued

The specific retirement systems are:

Local and state retirement systems – Milwaukee City Employes, Milwaukee City Police Officers, Milwaukee Fire Fighters, Milwaukee Public School Teachers, Milwaukee County Employes, Milwaukee Sheriff, and Wisconsin State Teachers retirement systems.

Federal retirement systems – United States government civilian employe and military personnel retirement systems. Examples of such retirement systems include the Civil Service Retirement System, Federal Employees’ Retirement System, and Retired Serviceman’s Family Protection Plan.

Note Do not subtract the following:

- Payments received as a result of voluntary tax-sheltered annuity deposits in any of the retirement systems listed above.
- Payments received from one of the retirement systems listed above if you first became a member after December 31, 1963, even though pre-1964 military service may have been counted as creditable service in computing your retirement benefit.
- Payments received from the federal Thrift Savings Plan.

CAUTION Only retirement benefits based on qualified membership (membership which began before January 1964, as explained above) in one of the retirement systems listed above may be subtracted. Any portion of your retirement benefit based on membership in other retirement systems (or based on employment which began after December 31, 1963) is taxable and may not be subtracted from federal income.

Example 1 You were a member of the Wisconsin State Teachers Retirement System as of December 31, 1963. You left teaching after 1963 and withdrew the allowable amount from your retirement account, completely closing the account. Later you returned to teaching, and a new retirement account was established for you. Retirement benefits from this new account (established after 1963) do not qualify for the exemption.

Example 2 You were employed as a teacher and were a member of the Wisconsin State Teachers Retirement System from 1960-1965. From 1966 until retirement, you were employed by a state agency in a nonteaching capacity and were a member of the Wisconsin Retirement System. You receive an annuity from the Department of Employee Trust Funds based on employment in both retirement systems. Only the portion of the annuity attributable to the Wisconsin State Teachers Retirement System may be subtracted. Use the following formula to determine the exempt portion which may be subtracted:

Line 11 instructions – continued

$$\frac{\text{Years of creditable service in an exempt plan}}{\text{Total years of creditable service}} \times \text{Annuity included in federal income} = \text{Portion of annuity which may be subtracted}$$

Note If you received separate Forms 1099-R for the taxable and exempt portions of your annuity, you may use the Form 1099-R information instead of the above formula.

(e) Railroad Retirement Benefits, Railroad Unemployment Insurance, and Sickness Benefits Amounts received from the U.S. Railroad Retirement Board are not taxable for Wisconsin purposes. You may subtract such amounts to the extent included in your federal adjusted gross income.

However, if you included tier 1 railroad retirement benefits (RRB) as part of your taxable social security (SS), use the following formula to determine the subtraction for your tier 1 RRB.

$$\frac{\text{Tier 1 RRB}}{\text{Total tier 1 RRB and SS received}} \times \text{Taxable SS}^* = \text{Subtraction for RRB}$$

* From line 20b of federal Form 1040 or line 14b of Form 1040A. However, if you computed a subtraction for social security on the Social Security Benefits Worksheet for line 9 on page 10, use the amount from line 5 of that worksheet.

(f) Adoption Expenses If you adopted a child for whom a final order of adoption was entered by a Wisconsin court during 2000, you may subtract up to \$5,000 of the amount you paid for adoption fees, court costs, and legal fees relating to the adoption. You may include amounts paid during 1998, 1999, and 2000. Don't count amounts reimbursed under any adoption assistance program. If you adopt more than one child during the year, you may deduct up to \$5,000 of adoption expenses for each child.

(g) Recoveries of Federal Itemized Deductions Fill in any amount included as income on your federal tax return that is a recovery of a federal itemized deduction for which you did not receive a Wisconsin tax benefit.

Example You claimed an itemized deduction on your 1999 federal tax return for a casualty loss of \$2,000. You could not claim the casualty loss for the itemized deduction credit on your 1999 Wisconsin income tax return. During 2000 you received a reimbursement of \$1,000 from your insurance company for part of the casualty loss. The \$1,000 reimbursement is included on your 2000 federal tax return as a recovery of an amount previously claimed as an itemized deduction. Because you did not claim the casualty loss for the itemized deduction credit for Wisconsin for 1999, the \$1,000 is not taxable to Wisconsin for 2000. Fill in the \$1,000 recovery on line 11.

Line 11 instructions – continued

(h) Wisconsin Net Operating Loss Carryforward If you had a net operating loss (NOL) in an earlier year to carry forward to 2000, include the allowable amount on line 11. Attach 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 the NOL and the allowable deduction.

(i) Amounts Not Taxable by Wisconsin You may subtract any amounts not taxable by Wisconsin (less related expenses except those expenses which are used to calculate the Wisconsin itemized deduction credit) which have been included as income on your federal tax return or excluded from federal deductions.

Example Relocation assistance received by persons displaced by condemnation, subject to the conditions set forth in section 32.19 of the Wisconsin Statutes may be subtracted. Fill in such amounts on line 11.

(j) Farm Loss Carryover If you were subject to farm loss limitations (see instructions for line 4, part (a) for a description) on your 1986 or subsequent year Wisconsin income tax return, you may be able to claim a subtraction for all or a portion of the farm loss disallowed in those years. Farm losses disallowed as a deduction in 1986 or thereafter may be carried forward for 15 years to the extent that the farm losses are not offset against farm income of any year between the loss year and the year for which the carryover is claimed. The amount of carryover that can be subtracted is the lesser of (1) the farm loss carryover or (2) the net profits and net gains from the sale or exchange of capital or business assets in the current year from the same farming business or portion of that business to which the limits on deductible farm losses applied in the loss year.

Example You have a farm loss carryover from 1999 of \$30,000. For 2000 you report a net loss of \$2,000 on Schedule F and a net gain of \$6,000 from the sale of farm equipment on Form 4797. The gain and loss are from the same farming business to which the limitation applied in the loss year. You may subtract \$6,000 as a farm loss carryover on line 11.

(k) College Tuition and Expenses Program You may subtract any amount included in federal adjusted gross income due to an increase in value of a tuition unit purchased under the Wisconsin college tuition and expenses program (EdVest Wisconsin).

(l) Disability Income Exclusion If you are retired on permanent and total disability and have included your disability income on line 1 of Form 1, you may be able to subtract up to \$5,200 of your disability income. You must meet ALL these tests:

- You did not reach mandatory retirement age before January 1, 2000.
- You were under age 65 on December 31, 2000.

Line 11 instructions – continued

- You were permanently and totally disabled –
 - a. when you retired, or
 - b. on January 1, 1976, or January 1, 1977, if you retired before January 1, 1977, on disability or under circumstances which entitled you to retire on disability.
- If you were married at the end of 2000, you must file a joint return.
- You did not in any year prior to 1984 choose to treat your disability income as a pension instead of taking the exclusion.

Compute your exclusion on Wisconsin Schedule 2440W (Disability Income Exclusion), which you can get from any department office. Attach Schedule 2440W to your Form 1.

(m) Sale of Business Assets or Assets Used in Farming to a Related Person You may subtract the taxable portion of gain you realize from the sale or disposition to a related person of business assets or assets used in farming if the following conditions apply:

- The related person is your child, grandchild, great grandchild, parent, brother or sister, nephew or niece, grandparent, great grandparent, or aunt or uncle. The person may be related to you by blood, marriage, or adoption.
- The asset was held by you for more than 12 months.
- The gain is treated as capital gain for federal tax purposes. Amounts treated as ordinary income do not qualify.

Gain on the sale or disposition of shares in a corporation or trust qualifies only if:

- The number of shareholders or beneficiaries does not exceed 15. Lineal ancestors and descendants and aunts, uncles, and 1st cousins thereof count collectively as one shareholder or beneficiary. This collective authorization may not be used for more than one family in a single corporation or trust.
- The corporation does not have more than two classes of shares.
- All shareholders or beneficiaries, other than any estate, are natural persons.

Farming “Farming” means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity including the raising, shearing, feeding, caring for, training, and management of animals. Trees (other than trees bearing fruit or nuts) are not treated as an agricultural or horticultural commodity. (Trees may qualify as a business asset, see below.)

Business Assets “Business assets” are assets used in an activity carried on for a livelihood or in good faith to make a profit. The facts and circumstances of each case determine whether or not an activity is a business. Regularity of activities

Line 11 instructions – continued

and transactions and the production of income are important elements. You do not need to actually make a profit to be in a business as long as you have a profit motive. You do need, however, to make ongoing efforts to further the interests of your business.

“Business assets” include assets used in the performance of services by an individual as an employe and assets used in the conduct of a trade or business by an individual who is self-employed.

“Business assets” do not include investment and rental property (for example, stocks, bonds, and residential rental property) unless you are subject to federal self-employment tax on the earnings from the activity. (**Note** Rental property which is a farm or farm equipment may qualify as an asset “used in farming.”)

Computing the subtraction You must first complete Wisconsin Schedule WD. The amount of gain that may be subtracted is determined after netting all capital gains and losses on Schedule WD.

- If amounts reported in Parts I and II of Schedule WD consist only of capital gains, your subtraction is equal to 40% of the long-term gain on the sale of the asset to the related person.
- If the amount on line 15 or 16 of Schedule WD is a net loss, you may not subtract any amount as gain on the sale of the asset to the related person.
- If the amount on line 16 of Schedule WD is a net gain and (1) the only gain reported on Schedule WD is from the sale of the asset to the related person and (2) you show a loss on line 14, column (f) of Schedule WD and/or on line 7 of Schedule WD, your subtraction is equal to the amount on line 19 of Schedule WD.
- If the amount on line 16 of Schedule WD is a net gain and (1) the only long-term gain reported on Schedule WD is from the sale of the asset to the related person, (2) you show a loss on line 14, column (f) of Schedule WD, and (3) you show a gain on line 7 of Schedule WD, your subtraction is equal to the amount on line 19 of Schedule WD less the amount on line 7 of Schedule WD.
- If the amount on line 16 of Schedule WD is a net gain and (1) that net gain includes more than one long-term capital gain and (2) you show a loss on line 14, column (f) of Schedule WD and/or on line 7 of Schedule WD, complete the worksheet on this page to compute your subtraction.
- If the amount on line 16 of Schedule WD is a net gain and (1) that net gain includes more than one long-term capital gain, (2) you show a loss on line 14, column (f) of Schedule WD, and (3) you show a gain on line 7 of Schedule WD, complete the worksheet on this page to compute your subtraction.

Line 11 instructions – continued

Worksheet for Gain on Sale of Assets to Related Person	
1. Amount from line 19 of Schedule WD . . .	1. _____
2. Net short-term gain, if any, from line 7 of Schedule WD	2. _____
3. Subtract line 2 from line 1	3. _____
4. Long-term gain on the sale of asset to related person	4. _____
5. Total long-term capital gain from line 14, column (g) of Schedule WD	5. _____
6. Divide line 4 by line 5. Fill in decimal amount	6. _____
7. Multiply line 3 by line 6. This is your subtraction for gain on the sale of assets to a related person	7. _____

(n) Settlements Due to Persecution To the extent included in your federal adjusted gross income, you may subtract any settlement received or gain on assets recovered due to persecution by Nazi Germany or any Axis regime during 1933 to 1945.

(o) Repayment of Income Previously Taxed If you had to repay during 2000, an amount that you included in your Wisconsin income in an earlier year, you may be able to subtract the amount repaid. A subtraction may be claimed only for repayments that are allowed as a miscellaneous itemized deduction on line 26 or 27 of your federal Schedule A.

If you did not itemize deductions for federal tax purposes, use the amounts that would be deductible if you had itemized deductions. To determine the amounts to use, complete a federal Schedule A. Write “Wisconsin” at the top of this Schedule A and attach it to your Form 1.

CAUTION Only amounts previously included in Wisconsin income may be claimed as a subtraction.

If the amount repaid was over \$3,000, you may either subtract the repayment as described above *or* take a tax credit. See Credit for Repayment of Income Previously Taxed in the line 42 instructions.

(p) 1998 Roth IRA Conversion If you were *not* a full-year resident of Wisconsin for 1998 and during the period in which you were not a Wisconsin resident you converted an IRA to a Roth IRA, the conversion amount that is being reported over a 4-year period is not taxable to Wisconsin. You may subtract the 1998 Roth IRA conversion amount that is included in your federal adjusted gross income. This subtraction does not apply if you were a Wisconsin resident at the time of the conversion.

Line 11 instructions – continued

Additions To or Subtractions From Income

The following items may be either an addition to or a subtraction from federal adjusted gross income, depending on your situation. Fill in any additions that apply to you on line 4. Fill in any subtractions that apply to you on line 11.

(a) Tax-Option (S) Corporation Adjustments Fill in any of the following adjustments that apply to you:

- (1) If you were a shareholder of a tax-option (S) corporation which is required to file a Wisconsin franchise or income tax return, you will receive a Wisconsin Schedule 5K-1 from the S corporation informing you of any adjustments to be made for Wisconsin tax purposes.
- (2) If you are a shareholder of a federal S corporation that elects not to be treated as a Wisconsin tax-option (S) corporation, you must reverse all items of S corporation income, loss, or deduction included on your federal return and then add your pro rata share of any distributions made by the corporation of earnings and profits. **(CAUTION** Do not reverse any item of S corporation income or loss reported on federal Schedule D. These items have already been removed from Wisconsin income when you completed Wisconsin Schedule WD.)
- (3) Instead of using tax-option (S) corporation items deductible on federal Schedule A to compute the Wisconsin itemized deduction credit, you may elect to treat these items as subtraction modifications. Your subtraction is limited to the amount actually deductible for federal purposes.

For more information, get Publication 102, *Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders*, which is available from any Department of Revenue office.

(b) Your Share of Partnership, Trust, or Estate Adjustments

If you were a member of a partnership or you received income from an estate or trust, you will receive a statement from the partnership, trust, or estate notifying you of any additions or subtractions which you should make on your return. Fill in the amount of any such additions on line 4 and any subtractions on line 11.

(c) Differences in Federal and Wisconsin Basis of Assets

Additions or subtractions may be necessary if there is a difference between the federal basis and the Wisconsin basis of your property. Additions or subtractions are necessary if:

- (1) You acquired property after December 31, 1964, which may be depreciated or amortized (such as buildings and leaseholds), and the federal basis is greater or less than the Wisconsin basis.

Line 11 instructions – continued

- (2) You sold (or otherwise disposed of) property which may not be depreciated or amortized (such as land, stocks, and bonds) in a taxable transaction, and your basis in the assets was greater or less for federal purposes than for Wisconsin.

Example You sold stock which you acquired by inheritance and your federal basis was greater than your Wisconsin basis. You must make an adjustment for the difference in basis.

Compute the amount of any addition or subtraction due to a difference in basis on Wisconsin Schedule T (Transitional Adjustments), which you can get from any department office. Attach a completed Schedule T to your Form 1.

(d) Differences in Federal and Wisconsin Basis of Partnership Interest

An addition or subtraction may be necessary if you sold your interest in a partnership and any increases or decreases were made to the federal basis of your partnership interest in taxable years prior to 1975, which resulted from partnership business or property located outside Wisconsin. (Prior to 1975, Wisconsin did not tax income from business or property located outside Wisconsin.) Compute any addition or subtraction due to a difference in basis on Wisconsin Schedule T.

(e) Differences in Federal and Wisconsin Reporting of Marital Property (Community) Income

If you are married filing a separate return or married filing as head of household or if you obtained a decree of divorce or separate maintenance during 2000, you may have to report a different amount of income on your Wisconsin Form 1 than on your federal Form 1040. Fill in on line 4 any additional amount which is taxable to you rather than your spouse because of any difference in federal and state reporting of marital property (community) income. Fill in on line 11 any amount which is taxable to your spouse rather than to you because of any difference in federal and state reporting of marital property (community) income. For further information, get Publication 109, *Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2000*, from any Department of Revenue office.

Line 15 Standard Deduction

Most people can find their standard deduction by using the Standard Deduction Table on page 30. Use the amount on line 13 to find the standard deduction for your filing status. **But**, do not use the table if any one of the following applies:

- You (or your spouse if filing a joint return) can be claimed as a dependent on another person's (for example, parent's) income tax return. Use the Standard Deduction Worksheet for Dependents on page 17 to figure your standard deduction.
- You are filing a short period income tax return or are filing federal Form 4563 to claim an exclusion of income from sources within U.S. possessions. You are not allowed any amount of standard deduction. Fill in 0 on line 15.

Line 15 instructions – continued

Line 17 instructions – continued

Standard Deduction Worksheet for Dependents	
1. Earned income* included in line 13 of Form 1	1. _____
2. Addition amount	2. <u>250.00</u>
3. Add lines 1 and 2. If total is less than \$700, fill in \$700	3. _____
4. Using the amount on line 13 of Form 1, fill in the standard deduction for your filing status from table, page 30	4. _____
5. Fill in the SMALLER of line 3 or 4 here and on line 15 of Form 1	5. _____

* **Earned income** includes wages, salaries, tips, professional fees, and any other compensation received for personal services you performed. It does not include scholarship or fellowship income that is not reported on a W-2.

Exemption Worksheet	
1. Fill in \$600 for yourself*	1. _____
2. Fill in \$200 if you were age 65 or older*	2. _____
3. If a joint return, fill in \$600 for your spouse*	3. _____
4. Fill in \$200 if married filing a joint return and your spouse was age 65 or older*	4. _____
5. Number of dependents . . . 5a. ____ x \$600 = . . . 5b.	5b. _____
6. Add lines 1 through 4 and 5b. Fill in here and on line 17a of Form 1	6. _____

* See Exception in column on left.

New ■ **Line 17 Deduction for Exemptions**

You may claim a personal exemption of \$600 for *yourself* and an exemption of \$600 for your *spouse* if you are filing a joint return (see **Exception** below).

You may also claim an exemption of \$600 for each person who qualifies as your dependent for federal income tax purposes. Fill in the number of dependents in the space provided on line 17b. Do not count yourself or your spouse as dependents.

If you (or your spouse if married filing a joint return) were age 65 or older on December 31, 2000, you may claim an additional exemption of \$200. If married filing a joint return and both spouses were age 65 or older on December 31, 2000, you may claim an additional exemption of \$200 for yourself and \$200 for your spouse. Check the box by line 17c if you (and/or your spouse if filing a joint return) were age 65 or older on December 31, 2000.

EXCEPTION A personal exemption is not allowed for a person who can be claimed as a dependent on someone else’s return. If you checked the box on line 15, fill in -0- on lines 1 and 2 of the Exemption Worksheet in the next column. If you are married filing a joint return and your spouse can be claimed as a dependent, fill in -0- on lines 3 and 4 of the worksheet.

Use the following worksheet to determine the exemption amount to fill in on line 17a.

■ **Line 19 Tax**

Use the amount on line 18 to find your tax in the Tax Table on pages 31-36. Find your income-level bracket and read across to the column showing your filing status to find your tax. Be sure you use the correct column in the Tax Table for your filing status. Fill in your tax on line 19.

EXCEPTION If the amount on line 18 is \$100,000 or more, use the Tax Rate Schedules on page 37 to compute your tax.

■ **Line 20 Itemized Deduction Credit**

If the total of certain federal itemized deductions exceeds your Wisconsin standard deduction, you may claim the itemized deduction credit.

Complete Schedule 1 on page 4 of Form 1 to see if you can claim the credit. Schedule 1 lists the specific deductions to use from federal Schedule A (see exceptions below).

If you did not itemize deductions for federal tax purposes, use the amounts which would be deductible if you had itemized deductions. To determine the amounts to use, complete a federal Schedule A. Write “Wisconsin” at the top of this Schedule A and attach it to your Form 1.

Note **EXCEPTIONS** Even though Schedule 1 has entry lines for medical expenses, interest paid, and gifts to charity, not all of the amounts of these items that are deducted on federal Schedule A can be used for the itemized deduction credit. The following describes the portion of these items that may not be used to compute the itemized deduction credit.

- Medical expenses – the amount of medical care insurance and long-term care insurance claimed as a subtraction on line 11.
- Interest – paid on a second home located outside Wisconsin.
 - paid on a residence which is a boat.
 - paid to purchase or hold U.S. Government securities.
- Contributions and interest allocated to you by a tax-option (S) corporation, if you treated the amount as a subtraction on line 11.



Line 21 Armed Forces Member Credit

The armed forces member credit is available to a member of the U.S. armed forces on active duty who received military pay from the federal government in 2000 for services performed **while stationed outside the United States.**

The credit is equal to the amount of military pay for services performed while stationed outside the United States up to a maximum credit of \$200. For a married couple filing a joint return, if both spouses qualify for the credit, each may claim up to \$200.

Note Members of the National Guard ordered to active duty in the U.S. armed forces are eligible to claim this credit provided they were stationed outside the United States and received their military pay from the federal government.



Line 22 Renter's and Homeowner's School Property Tax Credit

You may claim a credit if you paid rent during 2000 for living quarters used as your primary residence OR you paid property taxes during 2000 on your home. You are eligible for a credit whether or not you claim homestead credit on line 43.

Special Cases

If You Paid Both Property Taxes and Rent You may claim both the renter's credit and the homeowner's credit. The total combined credit claimed on lines 22a and 22b may not be more than \$300 (\$150 if married filing a separate return or married filing as head of household).

Married Persons Filing a Joint Return Figure your credit by using the rent and property taxes paid by both spouses.

Married Persons Filing Separate Returns or Married Persons Filing as Head of Household Each spouse may claim a credit. Each of you may use only your own property taxes and rent to figure the credit. The maximum credit allowable to each spouse is \$150.

Persons Who Jointly Own a Home or Share Rented Living Quarters When two or more persons (other than husband and wife) jointly own a home or share rented living quarters, each may claim a credit. However, the property taxes and rent paid must be divided among the owners or occupants. See the instructions for lines 22a and 22b.

Line 22a How to Figure the Renter's School Property Tax Credit

Step 1 Rent Paid in 2000 Fill in on the appropriate line(s) the total rent that you paid in 2000 for living quarters (1) where the heat was included in the rent, and (2) where the heat was not included in the rent. These living quarters must have been used as your principal home. Do not include rent that you may claim as a business expense. Do not include rent paid for housing that is exempt from property taxes. (Property owned by a public housing authority is considered tax-exempt unless that authority makes payments in place of property taxes to the city or town in which it is located. If you live in public housing, you may wish to ask your manager about this.)

If the rent you paid included food, housekeeping, medical, or other services, reduce the amount filled in for rent paid in 2000 by the value of these items. If you shared living quarters with one or more persons (other than your spouse or dependents), fill in only the portion of the rent which you paid in 2000. For example, if you and two other persons rented an apartment and paid a total rent of \$3,000 in 2000, and you each paid \$1,000 of the rent, each could claim a credit based on \$1,000 of rent.

Step 2 Refer to the Renter's School Property Tax Credit Table on page 19 to figure your credit. If heat was included in your rent, use Column 1 of the table. If heat was not included, use Column 2. Fill in your credit on line 22a.

Exception If you paid both rent where heat was included and rent where heat was not included, complete the worksheet below.

Renter's Worksheet	
<i>(Complete only if Exception described above applies)</i>	
1. Credit for rent with heat included (from Column 1 of Table on page 19) . . .	1. _____
2. Credit for rent where heat not included (from Column 2 of Table on page 19) . . .	2. _____
3. Add lines 1 and 2. Fill in on line 22a of Form 1*	3. _____
* Do not fill in more than \$300 (\$150 if married filing a separate return or married filing as head of household).	

Line 22a instructions – continued

Renter's School Property Tax Credit Table*

If Rent Paid is:		Your Line 22a Credit is:		If Rent Paid is:		Your Line 22a Credit is:		If Rent Paid is:		Your Line 22a Credit is:		If Rent Paid is:		Your Line 22a Credit is:	
At Least	But Less Than	Col. 1	Col. 2	At Least	But Less Than	Col. 1	Col. 2	At Least	But Less Than	Col. 1	Col. 2	At Least	But Less Than	Col. 1	Col. 2
		Heat In-cluded in Rent	Heat Not In-cluded in Rent			Heat In-cluded in Rent	Heat Not In-cluded in Rent			Heat In-cluded in Rent	Heat Not In-cluded in Rent			Heat In-cluded in Rent	Heat Not In-cluded in Rent
\$ 1	\$ 100	\$ 1	\$ 2	\$ 3,500	\$ 3,600	\$ 85	\$ 107	\$ 7,000	\$ 7,100	\$ 169	\$ 212	\$ 10,500	\$ 10,600	\$ 253	\$ 300
100	200	4	5	3,600	3,700	88	110	7,100	7,200	172	215	10,600	10,700	256	300
200	300	6	8	3,700	3,800	90	113	7,200	7,300	174	218	10,700	10,800	258	300
300	400	8	11	3,800	3,900	92	116	7,300	7,400	176	221	10,800	10,900	260	300
400	500	11	14	3,900	4,000	95	119	7,400	7,500	179	224	10,900	11,000	263	300
500	600	13	17	4,000	4,100	97	122	7,500	7,600	181	227	11,000	11,100	265	300
600	700	16	20	4,100	4,200	100	125	7,600	7,700	184	230	11,100	11,200	268	300
700	800	18	23	4,200	4,300	102	128	7,700	7,800	186	233	11,200	11,300	270	300
800	900	20	26	4,300	4,400	104	131	7,800	7,900	188	236	11,300	11,400	272	300
900	1,000	23	29	4,400	4,500	107	134	7,900	8,000	191	239	11,400	11,500	275	300
1,000	1,100	25	32	4,500	4,600	109	137	8,000	8,100	193	242	11,500	11,600	277	300
1,100	1,200	28	35	4,600	4,700	112	140	8,100	8,200	196	245	11,600	11,700	280	300
1,200	1,300	30	38	4,700	4,800	114	143	8,200	8,300	198	248	11,700	11,800	282	300
1,300	1,400	32	41	4,800	4,900	116	146	8,300	8,400	200	251	11,800	11,900	284	300
1,400	1,500	35	44	4,900	5,000	119	149	8,400	8,500	203	254	11,900	12,000	287	300
1,500	1,600	37	47	5,000	5,100	121	152	8,500	8,600	205	257	12,000	12,100	289	300
1,600	1,700	40	50	5,100	5,200	124	155	8,600	8,700	208	260	12,100	12,200	292	300
1,700	1,800	42	53	5,200	5,300	126	158	8,700	8,800	210	263	12,200	12,300	294	300
1,800	1,900	44	56	5,300	5,400	128	161	8,800	8,900	212	266	12,300	12,400	296	300
1,900	2,000	47	59	5,400	5,500	131	164	8,900	9,000	215	269	12,400	12,500	299	300
2,000	2,100	49	62	5,500	5,600	133	167	9,000	9,100	217	272	12,500 or more		300	300
2,100	2,200	52	65	5,600	5,700	136	170	9,100	9,200	220	275				
2,200	2,300	54	68	5,700	5,800	138	173	9,200	9,300	222	278				
2,300	2,400	56	71	5,800	5,900	140	176	9,300	9,400	224	281				
2,400	2,500	59	74	5,900	6,000	143	179	9,400	9,500	227	284				
2,500	2,600	61	77	6,000	6,100	145	182	9,500	9,600	229	287				
2,600	2,700	64	80	6,100	6,200	148	185	9,600	9,700	232	290				
2,700	2,800	66	83	6,200	6,300	150	188	9,700	9,800	234	293				
2,800	2,900	68	86	6,300	6,400	152	191	9,800	9,900	236	296				
2,900	3,000	71	89	6,400	6,500	155	194	9,900	10,000	239	299				
3,000	3,100	73	92	6,500	6,600	157	197	10,000	10,100	241	300				
3,100	3,200	76	95	6,600	6,700	160	200	10,100	10,200	244	300				
3,200	3,300	78	98	6,700	6,800	162	203	10,200	10,300	246	300				
3,300	3,400	80	101	6,800	6,900	164	206	10,300	10,400	248	300				
3,400	3,500	83	104	6,900	7,000	167	209	10,400	10,500	251	300				

***Caution** The credit allowed certain persons may be less than the amount indicated. See "Special Cases" on page 18.

Line 22b How to Figure the Homeowner's School Property Tax Credit

Step 1 Property Taxes Paid on Home in 2000 Fill in the property taxes you *paid* in 2000 on your home. Don't include the following:

- Charges for special assessments, delinquent interest, or services that may be included on your tax bill (like trash removal, recycling fee, or a water bill).
- Property taxes that you can claim as a business expense (for example, farm taxes or rental property taxes).
- Property taxes paid on nonbusiness property (such as a cottage or vacant land) other than your home.
- Property taxes paid in any year other than 2000.

The property taxes for your home to be filled in are further limited as follows:

- If you bought or sold your home during 2000, the property taxes of the seller and buyer are the taxes set forth for each in the closing agreement made at the sale or purchase of the home. If the closing agreement does not divide the taxes between the seller and buyer, divide the property taxes between the seller and the buyer on the basis of the number of months each one owned the home.
- If you owned a mobile home during 2000, property taxes include the parking permit fees paid to your municipality and/or the personal property taxes paid on your mobile home. (Payments for space rental should be filled in as rent on line 22a.)
- If you, or you and your spouse, owned a home jointly with one or more other persons, you may only use that portion of the property taxes that reflects your percentage of ownership. For example, if you and another person (other than your spouse) jointly owned a home on which taxes of \$1,500 were paid, each of you would claim a credit based on \$750 of taxes.

Line 22b instructions – continued

CAUTION Property taxes paid during 2000 must be reduced by any amounts received as a refund of such taxes. For example, a taxpayer claimed farmland preservation credit (which is considered a refund of property taxes) on his or her 1999 Wisconsin return. The taxpayer received a farmland preservation credit in 2000 of \$600 that was based on 1999 property taxes accrued of \$6,000. The 1999 property taxes were paid in 2000 and 10% of such taxes were allocable to the personal residence and 90% to the farm property. Thus, for tax purposes, property taxes paid on the entire property during 2000 are \$5,400 (\$6,000 less \$600 farmland preservation credit). Of this amount, \$540 (10% of \$5,400) is used to compute the 2000 school property tax credit.

Step 2 Use the Homeowner's School Property Tax Credit Table below to figure your credit. Fill in the amount of your credit on line 22b.

CAUTION If you are also claiming the renter's credit on line 22a, the total of your renter's and homeowner's credits can't be more than \$300 (\$150 if married filing a separate return or married filing as head of household).

Homeowner's School Property Tax Credit Table*

If Property Taxes are:				If Property Taxes are:				If Property Taxes are:			
At Least	But Less Than	Line 22b Credit is		At Least	But Less Than	Line 22b Credit is		At Least	But Less Than	Line 22b Credit is	
\$ 1	\$ 25	2		\$ 875	\$ 900	107		\$ 1,750	\$ 1,775	212	
25	50	5		900	925	110		1,775	1,800	215	
50	75	8		925	950	113		1,800	1,825	218	
75	100	11		950	975	116		1,825	1,850	221	
100	125	14		975	1,000	119		1,850	1,875	224	
125	150	17		1,000	1,025	122		1,875	1,900	227	
150	175	20		1,025	1,050	125		1,900	1,925	230	
175	200	23		1,050	1,075	128		1,925	1,950	233	
200	225	26		1,075	1,100	131		1,950	1,975	236	
225	250	29		1,100	1,125	134		1,975	2,000	239	
250	275	32		1,125	1,150	137		2,000	2,025	242	
275	300	35		1,150	1,175	140		2,025	2,050	245	
300	325	38		1,175	1,200	143		2,050	2,075	248	
325	350	41		1,200	1,225	146		2,075	2,100	251	
350	375	44		1,225	1,250	149		2,100	2,125	254	
375	400	47		1,250	1,275	152		2,125	2,150	257	
400	425	50		1,275	1,300	155		2,150	2,175	260	
425	450	53		1,300	1,325	158		2,175	2,200	263	
450	475	56		1,325	1,350	161		2,200	2,225	266	
475	500	59		1,350	1,375	164		2,225	2,250	269	
500	525	62		1,375	1,400	167		2,250	2,275	272	
525	550	65		1,400	1,425	170		2,275	2,300	275	
550	575	68		1,425	1,450	173		2,300	2,325	278	
575	600	71		1,450	1,475	176		2,325	2,350	281	
600	625	74		1,475	1,500	179		2,350	2,375	284	
625	650	77		1,500	1,525	182		2,375	2,400	287	
650	675	80		1,525	1,550	185		2,400	2,425	290	
675	700	83		1,550	1,575	188		2,425	2,450	293	
700	725	86		1,575	1,600	191		2,450	2,475	296	
725	750	89		1,600	1,625	194		2,475	2,500	299	
750	775	92		1,625	1,650	197		2,500 or more		300	
775	800	95		1,650	1,675	200					
800	825	98		1,675	1,700	203					
825	850	101		1,700	1,725	206					
850	875	104		1,725	1,750	209					

***Caution** The credit allowed certain persons may be less than the amount indicated. See "Special Cases" on page 18.

Line 23 Working Families Tax Credit

If your income is less than the amount indicated below for your filing status, you may claim the working families tax credit.

Exception You may not claim the working families tax credit if you may be claimed as a dependent on another person's (for example, your parent's) income tax return.

Single, Head of Household, or Married Filing Separate Return

- If the amount on line 13 of Form 1 is \$9,000 or less, your working families tax credit is equal to your tax. Fill in the amount from line 19 of Form 1 on line 23.
- If the amount on line 13 of Form 1 is more than \$9,000 but less than \$10,000, use the worksheet below to compute your working families tax credit.
- If the amount on line 13 of Form 1 is \$10,000 or more, fill in 0 on line 23. You do not qualify for the working families tax credit.

Married Filing Joint Return

- If the amount on line 13 of Form 1 is \$18,000 or less, your working families tax credit is equal to your tax. Fill in the amount from line 19 of Form 1 on line 23.
- If the amount on line 13 of Form 1 is more than \$18,000 but less than \$19,000, use the worksheet below to compute your working families tax credit.
- If the amount on line 13 of Form 1 is \$19,000 or more, fill in 0 on line 23. You do not qualify for the working families tax credit.

Working Families Tax Credit Worksheet

Do **not** complete this worksheet if:

- Line 13 of your Form 1 is \$9,000 or less (\$18,000 or less if married filing a joint return).
- Line 13 of your Form 1 is \$10,000 or more (\$19,000 or more if married filing a joint return).
- You may be claimed as a dependent on another person's return.

1. Amount from line 19 of Form 1	1. _____
2. Total credits from lines 20 through 22 of Form 1 plus any historic rehabilitation credit which will be included on line 24	2. _____
3. Subtract line 2 from line 1. If the result is zero or less, stop here. You do not qualify for the credit.	3. _____
4. Fill in \$10,000 (\$19,000 if married filing a joint return)	4. _____
5. Fill in amount from line 13 of Form 1	5. _____
6. Subtract line 5 from line 4	6. _____
7. Divide line 6 by one thousand (1,000). Fill in decimal amount	7. _____
8. Multiply line 3 by line 7. This is your working families tax credit. Fill in this amount on line 23 of Form 1	8. _____