

# 2005 INSTRUCTIONS FOR THE WISCONSIN FIDUCIARY RETURN FORM 2 AND SCHEDULES CC, WD, AND 2K-1

**CAUTION:** The Internal Revenue Service hadn't finalized the 2005 federal fiduciary tax forms at the time that Form 2, Schedules CC, WD, and 2K-1, and these instructions went to print. Therefore, any federal line numbers referred to on Form 2, Schedules CC, WD, and 2K-1, and in these instructions may change.

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## GENERAL INSTRUCTIONS

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### ■ Is the Estate or Trust Resident of Wisconsin?

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

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

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

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

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

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

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

### ■ Must the Estate or Trust File a Return?

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

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

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

**Income from Wisconsin sources** includes income or gain from:

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

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

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

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

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

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

### ■ Other Filing Requirements

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

**NOTE:** Trusts that are exempt from federal taxation under section 501(a) of the Internal Revenue Code, including certain pension, profit-sharing, and stock bonus plans described in section 401(a) of the Internal Revenue Code, and individual retirement arrangements (IRAs) are required to report unrelated business taxable income for Wisconsin tax purposes. File a Wisconsin Form 4T if the trust reports unrelated business taxable income for federal purposes on federal Form 990-T and

the trust has gross income from an unrelated trade or business of \$1,000 or more. For more information, obtain a copy of Wisconsin Form 4T from any Department of Revenue office.

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

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

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

**INDIVIDUAL/ESTATE TAX RETURN FOR A DECEDENT:** A personal representative or petitioner must file an individual return for a decedent to report income from the beginning of the year to the date of death (Form 1, 1A, 1NPR, or WI-Z). The due date of the 2005 individual return is April 17, 2006. The filing requirements are as follows:

- a. Single persons.
  - (1) Under age 65 – gross income of \$9,000 or more.
  - (2) Age 65 or over – gross income of \$9,120 or more.
- b. Married persons filing jointly – joint gross income of \$18,000 or more.
- c. Married persons filing separately – gross income of \$9,000 or more.
- d. Head of household.
  - (1) Under age 65 – gross income of \$11,250 or more.
  - (2) Age 65 or over – gross income of \$11,500 or more.
- e. Part-year resident or nonresident – gross income from Wisconsin sources of \$2,000 or more.

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

### ■ When to File/Extension of Time to File

A return for a trust is due on or before April 17, 2006. A return for an estate is due on or before April 17, 2006, for a calendar year filer or 3 1/2 months after the close of the taxable year for a fiscal year filer.

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

1. If you have an extension for filing your federal return, this automatically gives you a Wisconsin extension provided you:
  - Estimate your 2005 Wisconsin tax and pay the amount you will owe with your return (line 26 of Form 2) by the due date using 2005 Wisconsin Form 1-ES, and
  - Attach a copy of your federal extension application to your Form 2 when filed.

2. Extensions available under federal law may be used for Wisconsin purposes, even if you do not need a federal extension because you file your federal return by the due date. To obtain an extension only for Wisconsin, you must:

- Estimate your 2005 Wisconsin tax and pay the amount you will owe by the due date (see item 1) and
- Attach a statement to your Form 2 indicating which federal extension provision you are using or attach a copy of a completed federal extension application form.

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

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



### ■ Withholding Requirement for Trusts and Estates Having Nonresident Beneficiaries

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

A nonresident beneficiary includes an individual who is not domiciled in Wisconsin; a partnership, limited liability company, or corporation whose commercial domicile is outside Wisconsin; and an estate or trust that is nonresident under sec. 71.14(1) to (3m), Wis. Stats. If the nonresident beneficiary is an individual, estate, or trust, the withholding rate is the highest rate for a single individual (6.75% for 2005). If the nonresident beneficiary is a partnership, limited liability company, or corporation, the withholding rate is 7.9%.

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

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

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

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

## ■ Requesting a Closing Certificate

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

**TRUSTS:** Attach copies of the trust instrument and any amendments, a statement as to why the trust is closing, and copies of the annual court accountings for the previous 3 years. If annual accountings have not been filed with the court, provide verification that the court requires the Closing Certificate for Fiduciaries to close a proceeding. Complete the information requested in Part II of Schedule CC. Attach Schedule CC to Form 2. The certificate will be mailed within 120 days.

**ESTATES:** Attach copies of the inventory and will including any codicils with the request. If these documents were previously submitted with a Wisconsin estate tax return, it is not necessary to submit additional copies. Also provide the information requested in Part I of Schedule CC. Attach Schedule CC to Form 2. The certificate will be mailed or a letter sent in six to eight weeks. The receipt of the closing certificate will not relieve the fiduciary from the responsibility of filing the final fiduciary return.

If a form W706, *Wisconsin Estate Tax Return*, is required to be filed (see "INDIVIDUAL/ESTATE TAX RETURN FOR A DECEDENT" on page 2), the Closing Certificate for Fiduciaries will not be issued until Form W706 is filed.

**NOTE:** If the estate does not have enough income to require filing a return and needs a Closing Certificate for Fiduciaries, or if the estate will be filing only one fiduciary return when the estate is closed and needs the closing certificate before filing that return, use the following procedure:

1. Complete the top portion of Form 2, above line 1.
2. Insert the appropriate statement at line 1:
  - a. "Gross income is less than \$600 and no federal Form 1041 is required." or
  - b. "A first and final return will be filed upon closing the estate."
3. Sign and date the Form 2.
4. Complete Part I of Schedule CC.
5. Attach Schedule CC and copies of the inventory and will to Form 2.

## ■ Tax Help or Additional Forms

If you have questions or need additional forms, help is available at our Madison office:

- Wisconsin Department of Revenue  
Mail Stop 5-144  
2135 Rimrock Road  
Madison WI 53702-0001
- Telephone: (608) 266-2772
- Forms requests: (608) 266-1961
- Fax: (608) 267-0834
- E-Mail: [estate@dor.state.wi.us](mailto:estate@dor.state.wi.us)

**FAX** You can get forms and publications by fax. Just call (608) 261-6229 from the telephone connected to your fax machine.

## Seven Steps to Filing the Fiduciary Income Tax Return and/or Requesting a Closing Certificate

1. **Gather all records.**  
Make sure that all income and expense records are available, including interest and dividend statements, so the return can be prepared correctly.
2. **Complete the federal return.**  
Before completing Wisconsin Form 2, complete the federal return, Form 1041 or 1041-QFT, and its supporting schedules, if required.
3. **Complete the Wisconsin return.**
  - Complete Schedule CC if you are requesting a closing certificate.
  - Follow the line instructions as you complete the form.
4. **Check over the Wisconsin return.**  
Check the following items carefully. The Form 2 will be returned or its processing delayed for:
  - missing copy of the federal return, Form 1041 or 1041-QFT, or an explanation as to why a federal return is not required,
  - missing signature,
  - missing trust instrument and amendments (initial return),
  - missing Schedule CC, inventory, will with codicils, or final account (closing certificate requests),
  - missing federal identification number (trusts and estates), decedent's social security number (estates),
  - name of county, probate number.
5. **Sign the return.**  
The return must be signed by the personal representative or special administrator of an estate or by the trustee of a trust.
6. **Keep a copy of the return.**
7. **Mail the return and attachments:**
  - **Wisconsin Estate Fiduciary Income Tax Returns and All Requests For Closing Certificates:**  
Wisconsin Department of Revenue  
Mail Stop 5-144  
PO Box 8904  
Madison WI 53708-8904
  - **All Other Wisconsin Trust Fiduciary Income Tax Returns:**  
Wisconsin Department of Revenue  
PO Box 8955  
Madison WI 53708-8955

**Internet Address** You can access the department's web site 24 hours a day, seven days a week, at [www.dor.state.wi.us](http://www.dor.state.wi.us). From this web site, you can:

- Download forms, instructions, and publications.
- See answers to frequently asked questions.
- Send us comments or request help by e-mail.

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

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

**Number and Title**

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

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## LINE INSTRUCTIONS

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Follow these line instructions to complete Form 2. Prepare one copy for your records and another copy to be filed with the Department of Revenue.

Use black ink to complete the copy of Form 2 that you submit to the department. Do not use pencil or red ink. If completing the form by hand, do not use commas or dollar signs when filling in amounts.

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

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

- Inter vivos trust - a trust created during a grantor's lifetime.
- Testamentary trust - a trust created by a decedent's will that comes into existence at the death of the decedent.
- Electing small business trust (ESBT) – a trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust. If the ESBT box is checked, see the instructions for lines 1 and 6a, under "Exceptions."
- Qualified funeral trust (QFT) – if a trust elects to be taxed as a QFT for federal income tax purposes, the election also applies for Wisconsin. If the QFT box is checked, see the instructions for lines 1 and 6a, under "Exceptions."
- Section 645 election – allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Wisconsin. Attach a copy of federal Form 8855 or letter making the election.
- Decedent's estate – a taxable entity separate from a decedent. It generally continues to exist until the final distribution of the

assets is made to the beneficiaries. A fiduciary administers the decedent's assets and reports income earned during administration and income in respect of the decedent (IRD).

- Bankruptcy estate – a separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code.

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

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

**Accounting Periods and Methods** Use the same accounting period and method of accounting that are used for federal income tax purposes. If the federal taxable year or method of accounting is changed, such change also applies for Wisconsin. Separate permission to effect such change for Wisconsin is not required. However, attach a copy of the federal document authorizing the change to the Wisconsin fiduciary return.

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

## INCOME

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

**Exceptions**

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

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

**Line 4. Subtractions** Enter the total of the nondistributable subtractions from Schedule A, column 2, line 12. Enter as a positive amount. See the Schedule A instructions on page 7.

## TAX COMPUTATION

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

**Exceptions**

- Qualified funeral trusts (QFTs) – If this is a composite return for a qualified funeral trust and each separate QFT has taxable income of \$8,610 or less, multiply the amount on line 5 by 4.6% (.046) and fill in the result on line 6a. If any of the

separate QFTs has taxable income of more than \$8,610, compute the tax separately for each QFT and fill in the total of the tax computed separately for each QFT on line 6a.

- Electing small business trusts (ESBTs) – Special rules apply when computing tax for an ESBT. ESBTs must separate the income from S corporations treated as a separate trust from other trust income. The net income for that S portion is determined under federal law, as modified by the additions and subtractions listed in Schedule A of Form 2. The separate trust is taxed on its Wisconsin taxable income at the highest rate for fiduciaries (6.75%). The tax is computed on the following worksheet:

<b>ESBT Worksheet – Electing Small Business Trust</b>	
1. Separate S-corporation income (also enter on line 6b of Form 2) .....	1. \$ _____
2. Tax rate .....	2. x .0675
3. Tax on S-corporation income (multiply line 1 by line 2) .....	3. _____
4. Other trust income (from line 5, Form 2) ....	4. _____
5. Tax on line 4 from tax table .....	5. _____
6. Total tax (add lines 3 and 5). Enter on line 6a of Form 2 .....	6. _____

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

**Line 7. Supplement to Federal Historic Rehabilitation Credit**

A special tax credit may be available for the preservation or rehabilitation of certain historic structures located in Wisconsin and used for business purposes. The Wisconsin Historical Society administers the historic preservation program. For more information about this program, visit the Historical Society’s web site at [www.wisconsinhistory.org/histbuild/index.html](http://www.wisconsinhistory.org/histbuild/index.html), write to the Division of Historic Preservation, Wisconsin Historical Society, 816 State St., Madison WI 53706-1488, or call (608) 264-6500.

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

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

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

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

**Line 10.** Add lines 8 and 9.

**Recapture of investment credit.** If there is a recapture of investment credit, add the recapture amount to the amount which would otherwise be reported on line 10, Form 2. Also, write DC and the amount to the left of the total entered on line 10, Form 2 and enclose Schedule DC.

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

- a Schedule DC – Development Zones Credits** Special credits may be available for persons doing business in Wisconsin development zones. See Schedule DC.
- b Schedule TC – Technology Zone Credit** A special credit may be available for persons doing business in a Wisconsin technology zone. See Schedule TC.
- c Schedule MS – Manufacturer’s Sales Tax Credit** The manufacturer’s sales tax credit is available for the amount of sales and use tax paid on fuel and electricity consumed in manufacturing in Wisconsin. See Schedule MS.
- d Schedule DI – Dairy Investment Credit** The dairy investment credit is based on the amount paid for dairy farm modernization or expansion related to the operation of a dairy farm located in Wisconsin. See Schedule DI.
- e Schedule VC (Part II) – Early Stage Seed Investment Credit** The early stage seed investment credit is based on an investment paid to a fund manager certified by the Department of Commerce that the fund manager invests in a certified business. See Schedule VC.

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

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

**Line 16. Wisconsin Income Tax Withheld** Enter the trust’s or estate’s share of Wisconsin tax withheld by a pass-through entity, as reported on the Schedule 2K-1, 3K-1, or 5K-1 received from the pass-through entity. Attach a copy of this Schedule 2K-1, 3K-1, or 5K-1 to the Form 2 that is filed with the department. Include on line 16 only the share of withholding that is attributable to income the trust or estate has reported on Form 2. The share of withholding attributable to income passed through by the trust or estate to its beneficiaries is reported on line 14h of Schedule 2K-1.

Also enter on line 16 Wisconsin tax withheld on salary or wages received by the personal representative or petitioner on income in respect of the decedent. Attach a copy of the wage statement (Form W-2) from the decedent’s employer to the Form 2 that is filed with the department.

**Line 17. 2005 Wisconsin Estimated Payments and Amount Applied From 2004 Return** Enter the total of (1) any overpayment of 2004 income tax that the estate or trust was allowed as a credit on its 2005 Wisconsin estimated tax, (2) any Wisconsin estimated tax payments made by the estate or trust for 2005, and (3) advance payments or any payments filed with an extension.

**Line 18. Farmland Preservation Credit** A credit may be claimed by certain trusts and estates based on property taxes accrued on Wisconsin farmland which is subject to agricultural

use restrictions in the form of a zoning ordinance or a farmland preservation agreement. If claiming farmland preservation credit, include a completed Schedule FC with the Form 2. Fill in on line 18 of Form 2 the amount from line 18 of Schedule FC.

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

**Line 19. Net Income Tax Paid to Other States** A resident estate or trust that has paid tax both to Wisconsin and another state on the same income may be able to claim a credit for such tax. To claim the credit, complete Schedule OS. See page 3 for information on how to get this schedule. When completing line 19, be sure to enter the 2-letter postal abbreviation for the other state to which tax was paid. If tax was paid to more than one other state, fill in the number 99 in the box.

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

1. At least 35 acres of Wisconsin farmland must have been owned during the 2005 taxable year. The personal representative of an estate and the trustee of a qualifying trust are considered owners of the farmland held by an estate or trust and may claim this credit on the fiduciary return.

The following do not qualify for the credit:

- a. The estate of an individual who is a nonresident on the date of death.
  - b. A trust created by a nonresident.
  - c. A trust which receives Wisconsin real property from a nonresident.
  - d. A trust in which a nonresident settler retains a beneficial interest.
2. The 2004 property taxes for the farmland on which the credit is based must have been paid.
  3. The farmland must be in agricultural use. The farm of which the farmland is a part must have produced at least \$6,000 of gross farm profits during 2005 or a total of \$18,000 in gross farm profits for 2003, 2004, and 2005 combined. However, if at least 35 acres of your farmland was enrolled in the Conservation Reserve Program during all or part of 2005, you do not have to meet this gross farm profits requirement.

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

Fill in the property taxes on the farmland (exclusive of improvements) in the space provided on line 20, but do not fill in more

than \$7,500. The credit is based on property taxes levied on the farmland during the 2005 calendar year. This is your 2005 property tax bill (payable in 2006). You can use up to \$7,500 of property taxes to compute the credit. This includes property taxes on all land which is in agricultural use, less any state aid or credit. Do not include property taxes on any improvements (e.g., farm building or a residence), special assessments, special charges, or interest.

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

$$\frac{\text{Assessed value of farmland}}{\text{Total assessed value of land and improvements}} \times \text{2005 property taxes levied in 2005 before lottery and gaming credit} = \text{Portion of property taxes to be used for the credit}$$

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

If the estate or trust purchased the farmland on which this claim is based during the taxable year, fill in the property taxes on the farmland less any amount allocated to the seller in the closing agreement. If the amount is not set forth in a closing agreement, fill in the total taxes. Do not fill in more than \$7,500.

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

If the farmland is owned by a tax-option (S) corporation or by a partnership, fill in the portion of property taxes on the farmland that reflects the ownership percentage of the estate or trust. You may have to contact the tax-option (S) corporation or the partnership to get information on the amount of taxes levied on the farmland during 2005.

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

**CAUTION:** If you are claiming farmland preservation credit on line 18, the total of your farmland preservation credit and your farmland tax relief credit cannot exceed 95% of the property taxes on the farm. If your credits exceed this amount, you should reduce your farmland tax relief credit accordingly.

Attach a copy of your 2005 property tax bill(s) to your Wisconsin Form 2.

**NOTE:** If you are also claiming farmland preservation credit on Form 2 and have attached a copy of your 2005 property tax bill(s) to your Schedule FC, you do not have to attach an additional copy of your property tax bill(s). If the farmland on which the credits are based was purchased or sold during the year, only the buyer must attach a copy of the 2005 property tax bill(s); however, both the buyer and seller must attach a copy of the closing agreement.

If any of the 2005 property tax bills show unpaid prior year taxes, attach a statement signed by your county treasurer indicating the date the 2004 property taxes were paid in full.

**Line 21. Amount Paid With Original Return (Amended Return Only)** Enter amount paid with original Form 2 plus any additional amount paid after it was filed.

**Line 23. Refund From Original Return Less Amount Applied to 2006 Estimated Tax (Amended Return Only)** Enter the refund from the original Form 2 plus any additional refunds received after it was filed less the amount applied to 2006 estimated tax.

**Line 25. Tax Refund** An overpayment of tax will be refunded after verification by the Department of Revenue.

**NOTE:** If estimated tax payments were required to be made and were not made in a timely manner, see Schedule U to find out if underpayment interest is owed. See page 3 for information on how to get this schedule. If underpayment interest is owed, reduce the amount on line 25 by the amount of underpayment interest. Also, write the amount of underpayment interest and "Schedule U" to the left of line 26.

**Line 26. Balance Due** The balance due must be paid in full with the return. Make remittance payable to the Wisconsin Department of Revenue.

**NOTE:** If estimated tax payments were required to be made and were not made in a timely manner, see Schedule U to find out if underpayment interest is owed. See page 3 for information on how to get this schedule. If underpayment interest is owed, increase the amount on line 26 by the amount of underpayment interest. Also, write the amount of underpayment interest and "Schedule U" to the left of line 26.

**Line 27. Amount of Line 25 to be Applied to Your 2006 Estimated Tax** Enter on line 27 the amount of refund from line 25 that should be applied to your 2006 estimated income tax. The difference between line 27 and line 25 will be refunded to you.

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## SPECIAL INSTRUCTIONS

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### A. Penalties and Interest

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

### B. Internal Revenue Service Adjustments and Amended Returns

If a federal fiduciary return is adjusted by the Internal Revenue Service (IRS) and the adjustments affect the amount of

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

If you are filing an amended return, check the box at the top of Form 2. Prepare the return using the corrected amounts. Complete line 21 or 23 as appropriate. Include with the amended Wisconsin return a copy of the IRS audit report or federal amended return. You should also explain why the amended return was necessary and what changes were made. If you have already received a Closing Certificate for Fiduciaries, you do not need to request another one unless the court requires it.

### C. Estimated Tax Payments Required for Next Year?

If the 2006 Wisconsin income tax return of an estate or trust will show a balance due to the department of \$200 or more, you must prepay the 2006 tax in installments beginning April 17, 2006, for calendar year fiduciaries or 3 1/2 months after the close of a fiscal year using Wisconsin Form 1-ES.

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

### D. Requesting Copies of Returns

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

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## SCHEDULE A INSTRUCTIONS – ADDITIONS AND SUBTRACTIONS

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

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

### ADDITIONS

**Line 1. Adjustments to Convert 2005 Federal Taxable Income to the Amount Allowable for Wisconsin** (see instructions for Schedule B on page 11).

**Line 2. Interest (Less Related Expenses) on State and Municipal Obligations** Enter in the appropriate column the amount of interest on state and municipal obligations which was excluded from federal taxable income. (If you were required for federal purposes to allocate expenses to this income, reduce the amount to be filled in by such expenses.) **EXCEPTION:** Interest which is by federal or Wisconsin law exempt from Wisconsin taxation should not be entered on line 2. Interest income which is exempt for both federal and Wisconsin tax purposes includes interest from (1) public housing authority or community development authority bonds issued by municipalities located in Wisconsin, (2) Wisconsin Housing Finance Authority bonds, (3) Wisconsin municipal redevelopment authority bonds, (4) Wisconsin higher education bonds, (5) Wisconsin Housing and Economic Development Authority bonds issued on or after December 11, 2003, to fund multifamily affordable housing projects or elderly housing projects, (6) Wisconsin Housing and Economic Development Authority bonds issued before 1/29/87, except business development revenue bonds, economic development revenue bonds, and CHAP housing revenue bonds, (7) public housing agency bonds issued before 1/29/87 by agencies located outside Wisconsin where the interest therefrom qualifies for exemption from federal taxation for a reason other than or in addition to section 103 of the Internal Revenue Code, (8) local exposition district bonds, (9) Wisconsin professional baseball park district bonds, (10) bonds issued by the Government of Puerto Rico, Guam, or the Virgin Islands or, for bonds issued after October 16, 2004, the Government of American Samoa, (11) local cultural arts district bonds, and (12) Wisconsin professional football stadium bonds. Interest from these sources is exempt from Wisconsin income tax whether received by a direct owner of these securities or by a shareholder in a mutual fund which invests in these securities.

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

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

**Line 4. Capital Gain/Loss Adjustment** If federal taxable income includes capital gains and/or losses (see line 4, Form 1041), complete Wisconsin Schedule WD (Form 2) to determine if an adjustment must be made to arrive at Wisconsin income. For example, an adjustment may be required because Wisconsin law limits deductions for net capital losses to \$500. You can obtain Schedule WD (Form 2) from any Department of Revenue office. If assets sold during 2005 had a different basis for federal than for Wisconsin purposes, see instructions for Schedule C on page 11 and item b, Adjustment for Ordinary Gain or Loss for Assets Reported on Federal Form 4797 on page 10.

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

- a. **Federal net operating loss carryover.**
- b. **Lump-sum distribution.** If you reported lump-sum distribution income on federal Form 4972, you must also include the distribution in Wisconsin income. Fill in on Schedule A, line 5 the amount of lump-sum distribution income which is

reported on line 10 of Form 4972 plus any capital gain reported on line 6 of Form 4972. You may reduce this amount by any federal estate tax on line 18 of Form 4972.

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

- c. **Transitional adjustments.** These are adjustments required by the Wisconsin Statutes to account for differences between federal basis and Wisconsin basis of changing basis assets (those subject to depreciation or amortization). Attach a schedule showing the computation of each transitional adjustment made.
- d. **Farm losses.** An addition may be required if farm losses were deducted on the federal tax return and the estate or trust was not actively engaged in the farming operation that produced those losses.

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

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

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

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

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

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

To figure your combined net losses from farming operations, add together any losses you have from farming operations in which you were not actively engaged (for example, these could be losses from a farm partnership or tax-option (S) corporation). Do not reduce these losses by any net farm gains. If the total of these losses is more than the maximum allowable loss shown in the table on page 9, include the excess on line 5, Schedule A.



**Example** For 2005, a trust reports a loss of \$25,000 on Schedule E from a farm partnership (the trust is not actively engaged in this farming operation), and a profit of \$5,000 from the rental of farmland. The trust's nonfarm Wisconsin adjusted gross income is \$60,000. Therefore, only \$20,000 of the \$25,000 farm loss may be deducted for 2005. The trust must fill in \$5,000 on line 5 of Schedule A.

accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 10.)

## SUBTRACTIONS

**Line 7. Adjustments to Convert 2005 Federal Taxable Income to the Amount Allowable for Wisconsin** (see instructions for Schedule B on page 11).

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

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

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

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

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

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

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

- a. **Retirement funds.** You may subtract payments received from certain retirement funds that are exempt from Wisconsin taxation to the extent included in federal income. However, payments received from a tax-sheltered annuity deposit in such retirement systems are taxable. (See Wisconsin Form 1 instructions for further details.)
- b. **Wisconsin NOL.** If you had a Wisconsin net operating loss (NOL) in an earlier year to carry forward to 2005, include the allowable amount on Schedule A. 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 an NOL and the allowable deduction.
- c. **Relocation assistance.** Relocation assistance payments received subject to the provisions set forth in section 32.19, Wisconsin Statutes.

### Farm Loss Limits

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

- e. **Excess distribution from a passive foreign investment company.** Fill in the amount of excess distribution from a passive foreign investment company which has not been included in federal taxable income (see federal Form 8621).
- f. **Manufacturer's sales tax credit.** Fill in the amount of manufacturer's sales tax credit that you computed for 2005. 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 2, 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 adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 10.)
- g. **Development zones credit and technology zone credit.** Fill in the amount of development zones credit from Wisconsin Schedule DC and technology zone credit from Schedule TC. The amount of the credit is income and must be reported on the Wisconsin Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Development zones credit and technology zone credit that you receive from a partnership or tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 10.)
- h. **Dairy investment credit.** Fill in the amount of dairy investment credit that you computed for 2005. The amount of your credit is income and must be reported on your Wisconsin Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Dairy investment credit that you receive from a partnership or a tax-option (S) corporation will be accounted for when you make the adjustments described in paragraph a under "ADDITIONS TO OR SUBTRACTIONS FROM INCOME" on page 10.)
- i. **Early stage seed investment credit.** Fill in the amount of early stage seed investment credit that you computed for 2005. The amount of your credit is income and must be reported on your Wisconsin Form 2, even if you cannot take the full credit this year and must carry part of it forward. (**NOTE:** Early stage seed investment credit that you receive from a partnership or a tax-option (S) corporation will be

- d. **Transitional adjustments.** See instruction (c) for line 5, Schedule A. Attach schedule.
- e. **Farm loss carryover.** See Wisconsin Form 1 instructions for further details.
- f. **Nonresident income.** Income of nonresidents not subject to Wisconsin tax.
- g. **Certain military pay.** Military pay that is included on a W-2 for a member of the Reserves or National Guard who served on active duty may be subtracted if the pay was:
  - Received from the federal government,
  - Received after being called into active federal service or into special state service authorized by the federal Department of Defense, and
  - Paid for a period of time during which the member was on active duty.

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

**ADDITIONS TO OR SUBTRACTIONS FROM INCOME**

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

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

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

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

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

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

Label this recomputed Form 4797 “Wisconsin.” Attach the “Wisconsin” Form 4797 to Form 2.

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

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

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

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

**Adjustment Worksheet**

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

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## SCHEDULE B INSTRUCTIONS

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**IMPORTANT:** The Wisconsin Statutes generally require that the computation of taxable income on the 2005 Wisconsin fiduciary income tax return is to be based on the Internal Revenue Code enacted as of December 31, 2004. Federal laws enacted after December 31, 2004, do not apply for Wisconsin income tax purposes.

A comprehensive list of the provisions of federal law that may not be used for Wisconsin purposes for 2005 can be found in the instructions for Wisconsin Schedule I. The following is a list of the items that may affect the largest number of trusts and estates:

- Additional first-year bonus depreciation.
- Increase in sec. 179 expensing.
- Deduction for health savings accounts and related provisions.
- Exclusion for 50% of the gain from the sale or exchange of qualified small business stock.
- Treatment of extraterritorial income.
- Expensing of environmental remediation costs.
- Thirty percent bonus depreciation.
- Treatment of qualified leasehold improvement property.
- Installment method for accrual basis taxpayers.

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

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## SCHEDULE C INSTRUCTIONS – ADJUSTMENTS TO CAPITAL GAINS / LOSSES

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Complete Schedule C to adjust capital gains and losses if capital assets sold or otherwise disposed of in 2005 had a different basis for Wisconsin than for federal income tax purposes. The most common reason for a difference in basis is the use of the alternate value for federal estate tax purposes while date of death value is required to be used for Wisconsin inheritance tax purposes for deaths prior to January 1, 1992. For deaths after December 31, 1991, if the alternate value is used for federal estate tax purposes, the alternate value would also be used for Wisconsin estate tax purposes.

To figure the adjustment, first determine the holding period for each capital asset which had a different basis for federal and Wisconsin purposes. Property acquired by a decedent's estate from the decedent is considered to be held more than one year. (Do not list assets reported on federal Form 4797, such as depreciable property used in a trade or business, on Schedule C. See "Adjustment for ordinary gain or loss for assets reported on federal Form 4797," item b on page 10 of these instructions.)

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

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

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

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## SCHEDULE CC INSTRUCTIONS – INFORMATION REQUIRED WHEN REQUESTING A CLOSING CERTIFICATE

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**ESTATES:** If an estate is requesting a Closing Certificate for Fiduciaries, complete Part I of Schedule CC and attach Schedule CC to Form 2. Also see "Requesting a Closing Certificate" on page 3 for other required attachments and instructions for when an estate is not required to file Form 2 and needs a closing certificate.

**NOTE:** If line 10n plus any adjusted taxable gifts is more than \$675,000, you are required to file a Wisconsin Estate Tax Return (Form W706), even though no federal Estate Tax Return (Form 706) is required. Contact the Wisconsin Department of Revenue for additional information.

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

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

If a trust is requesting a Closing Certificate for Fiduciaries, complete Part II of Schedule CC and attach Schedule CC to Form 2. Also see "Requesting a Closing Certificate" on page 3 for other required attachments.

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

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

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

**EXCEPTIONS:** A Schedule 2K-1 need not be prepared for a Wisconsin resident beneficiary if there are no differences between federal and Wisconsin income, deductions, gains or losses and there are no Wisconsin credits or withholding to be reported. Schedule 2K-1 need not be prepared for nonresident beneficiaries if the income, deductions, etc., distributed are not from Wisconsin sources and there are no Wisconsin credits to be reported. Income from Wisconsin sources includes:

- Wages, salaries, commissions, and other income for personal services performed in Wisconsin.
- Rents and royalties from tangible property located in Wisconsin, such as land, buildings, and machinery.
- Gains or losses from sales or other dispositions of tangible property located in Wisconsin, such as land, buildings, and machinery.
- Profits or losses from businesses, professions, and farm operations conducted in Wisconsin, including sole proprietorships, partnerships, limited liability companies (LLCs), and tax-option (S) corporations.
- Income from the Wisconsin state lottery, a multijurisdictional lottery if the winning lottery ticket or lottery share was purchased from a Wisconsin retailer, or pari-mutuel wager winnings and purses.
- Winnings from a casino or bingo hall located in Wisconsin and operated by a Native American tribe or band.

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

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

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

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

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

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## SPECIFIC INSTRUCTIONS

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

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

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

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

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

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

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

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

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

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

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

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

**Lines 14a through 14g.** Enter on these lines any credits from Wisconsin Schedules MS, DI, TC, DC, VC, and HR that are allocable to the beneficiary.

**Line 14h.** Enter in column d the withholding tax paid by the trust or estate on behalf of a nonresident beneficiary. If a nonresident beneficiary claims exemption from Wisconsin income or franchise taxation, attach a copy of the exemption statement to the Form 2 filed with the department.

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

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## INSTRUCTIONS FOR 2005 WISCONSIN SCHEDULE WD (FORM 2)

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

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

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

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

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

Attach Schedule WD to your Wisconsin Form 2.

### Part I and Part II, Capital Gains and Losses

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

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

### Items Which Require Adjustment

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

**Capital loss carryovers:** Fill in your capital loss carryover from assets held one year or less from line 25 of your 2004 Schedule WD on line 5 of Schedule WD. Fill in your capital loss carryover from assets held more than one year from line 30 of your 2004 Schedule WD on line 13 of Schedule WD.

You may have to reduce your capital loss carryover to 2005 if you excluded income from discharge of indebtedness from your 2005 taxable income. Contact any Department of Revenue office for further information.

**Net capital gain on the sale of small business stock:** Do not include on Schedule WD any net capital gain from the sale of qualified small business stock which you acquired on or after January 1, 1986, and held for at least 5 years, and which was not acquired by gift. To be qualified small business stock, the corporation must have met certain requirements at the time you acquired the stock from the corporation. You must attach to your Form 2 a copy of the certification you received from the corporation which indicates the requirements were met.

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

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

### Gain from installment sales:

- Taxable gain from installment sales reported on lines 2 and 7 of federal Schedule D must be reported on lines 2 and 8 of Schedule WD, as appropriate. Gain from an installment sale is reported on line 2 of Schedule WD if at the time of sale or other disposition you held the property for one year or less, unless the property was acquired from a decedent. If at the time of sale or other disposition you held the property for

more than one year or acquired the property from a decedent, the gain is reported on line 8 of Schedule WD.

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

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

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

- If the partnership, S corporation, estate, or trust has informed you of any adjustment to be made to the capital gain or loss for Wisconsin, be sure to use the gain or loss as adjusted.
- If you are a shareholder in a federal S corporation that elects not to be treated as a Wisconsin tax-option (S) corporation, do not include on Schedule WD any capital gain or loss distributed to you by that federal S corporation. See “Additions to or Subtractions from Income” on page 10 of these instructions for additions and subtractions you must make to adjust for tax-option (S) corporation income.

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

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

### Part III, Summary of Parts I and II

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

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

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

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

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

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

### Part IV, Computation of Wisconsin Adjustment to Income

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

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

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

### Part V, Computation of Capital Loss Carryovers From 2005 to 2006

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

# 2005 TAX TABLE

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
			4,000	4,100	186	9,500	9,600	450	15,000	15,100	789	20,500	20,600	1,137
			4,100	4,200	191	9,600	9,700	456	15,100	15,200	795	20,600	20,700	1,143
			4,200	4,300	196	9,700	9,800	463	15,200	15,300	801	20,700	20,800	1,150
			4,300	4,400	200	9,800	9,900	469	15,300	15,400	807	20,800	20,900	1,156
			4,400	4,500	205	9,900	10,000	475	15,400	15,500	813	20,900	21,000	1,163
			4,500	4,600	209	10,000	10,100	481	15,500	15,600	819	21,000	21,100	1,169
			4,600	4,700	214	10,100	10,200	487	15,600	15,700	825	21,100	21,200	1,176
			4,700	4,800	219	10,200	10,300	493	15,700	15,800	832	21,200	21,300	1,182
			4,800	4,900	223	10,300	10,400	500	15,800	15,900	838	21,300	21,400	1,189
			4,900	5,000	228	10,400	10,500	506	15,900	16,000	844	21,400	21,500	1,195
			5,000	5,100	232	10,500	10,600	512	16,000	16,100	850	21,500	21,600	1,202
			5,100	5,200	237	10,600	10,700	518	16,100	16,200	856	21,600	21,700	1,208
			5,200	5,300	242	10,700	10,800	524	16,200	16,300	862	21,700	21,800	1,215
0	20	0	5,300	5,400	246	10,800	10,900	530	16,300	16,400	869	21,800	21,900	1,221
20	40	1	5,400	5,500	251	10,900	11,000	536	16,400	16,500	875	21,900	22,000	1,228
40	100	3	5,500	5,600	255	11,000	11,100	543	16,500	16,600	881	22,000	22,100	1,234
100	200	7	5,600	5,700	260	11,100	11,200	549	16,600	16,700	887	22,100	22,200	1,241
200	300	12	5,700	5,800	265	11,200	11,300	555	16,700	16,800	893	22,200	22,300	1,247
300	400	16	5,800	5,900	269	11,300	11,400	561	16,800	16,900	899	22,300	22,400	1,254
400	500	21	5,900	6,000	274	11,400	11,500	567	16,900	17,000	905	22,400	22,500	1,260
500	600	25	6,000	6,100	278	11,500	11,600	573	17,000	17,100	912	22,500	22,600	1,267
600	700	30	6,100	6,200	283	11,600	11,700	579	17,100	17,200	918	22,600	22,700	1,273
700	800	35	6,200	6,300	288	11,700	11,800	586	17,200	17,300	924	22,700	22,800	1,280
800	900	39	6,300	6,400	292	11,800	11,900	592	17,300	17,400	930	22,800	22,900	1,286
900	1,000	44	6,400	6,500	297	11,900	12,000	598	17,400	17,500	936	22,900	23,000	1,293
1,000	1,100	48	6,500	6,600	301	12,000	12,100	604	17,500	17,600	942	23,000	23,100	1,299
1,100	1,200	53	6,600	6,700	306	12,100	12,200	610	17,600	17,700	948	23,100	23,200	1,306
1,200	1,300	58	6,700	6,800	311	12,200	12,300	616	17,700	17,800	955	23,200	23,300	1,312
1,300	1,400	62	6,800	6,900	315	12,300	12,400	623	17,800	17,900	961	23,300	23,400	1,319
1,400	1,500	67	6,900	7,000	320	12,400	12,500	629	17,900	18,000	968	23,400	23,500	1,325
1,500	1,600	71	7,000	7,100	324	12,500	12,600	635	18,000	18,100	974	23,500	23,600	1,332
1,600	1,700	76	7,100	7,200	329	12,600	12,700	641	18,100	18,200	981	23,600	23,700	1,338
1,700	1,800	81	7,200	7,300	334	12,700	12,800	647	18,200	18,300	987	23,700	23,800	1,345
1,800	1,900	85	7,300	7,400	338	12,800	12,900	653	18,300	18,400	994	23,800	23,900	1,351
1,900	2,000	90	7,400	7,500	343	12,900	13,000	659	18,400	18,500	1,000	23,900	24,000	1,358
2,000	2,100	94	7,500	7,600	347	13,000	13,100	666	18,500	18,600	1,007	24,000	24,100	1,364
2,100	2,200	99	7,600	7,700	352	13,100	13,200	672	18,600	18,700	1,013	24,100	24,200	1,371
2,200	2,300	104	7,700	7,800	357	13,200	13,300	678	18,700	18,800	1,020	24,200	24,300	1,377
2,300	2,400	108	7,800	7,900	361	13,300	13,400	684	18,800	18,900	1,026	24,300	24,400	1,384
2,400	2,500	113	7,900	8,000	366	13,400	13,500	690	18,900	19,000	1,033	24,400	24,500	1,390
2,500	2,600	117	8,000	8,100	370	13,500	13,600	696	19,000	19,100	1,039	24,500	24,600	1,397
2,600	2,700	122	8,100	8,200	375	13,600	13,700	702	19,100	19,200	1,046	24,600	24,700	1,403
2,700	2,800	127	8,200	8,300	380	13,700	13,800	709	19,200	19,300	1,052	24,700	24,800	1,410
2,800	2,900	131	8,300	8,400	384	13,800	13,900	715	19,300	19,400	1,059	24,800	24,900	1,416
2,900	3,000	136	8,400	8,500	389	13,900	14,000	721	19,400	19,500	1,065	24,900	25,000	1,423
3,000	3,100	140	8,500	8,600	393	14,000	14,100	727	19,500	19,600	1,072	25,000	25,100	1,429
3,100	3,200	145	8,600	8,700	398	14,100	14,200	733	19,600	19,700	1,078	25,100	25,200	1,436
3,200	3,300	150	8,700	8,800	403	14,200	14,300	739	19,700	19,800	1,085	25,200	25,300	1,442
3,300	3,400	154	8,800	8,900	407	14,300	14,400	746	19,800	19,900	1,091	25,300	25,400	1,449
3,400	3,500	159	8,900	9,000	413	14,400	14,500	752	19,900	20,000	1,098	25,400	25,500	1,455
3,500	3,600	163	9,000	9,100	420	14,500	14,600	758	20,000	20,100	1,104	25,500	25,600	1,462
3,600	3,700	168	9,100	9,200	426	14,600	14,700	764	20,100	20,200	1,111	25,600	25,700	1,468
3,700	3,800	173	9,200	9,300	432	14,700	14,800	770	20,200	20,300	1,117	25,700	25,800	1,475
3,800	3,900	177	9,300	9,400	438	14,800	14,900	776	20,300	20,400	1,124	25,800	25,900	1,481
3,900	4,000	182	9,400	9,500	444	14,900	15,000	782	20,400	20,500	1,130	25,900	26,000	1,488

## 2005 TAX TABLE (Continued)

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
26,000	26,100	1,494	31,500	31,600	1,852	37,000	37,100	2,209	42,500	42,600	2,567	48,000	48,100	2,924
26,100	26,200	1,501	31,600	31,700	1,858	37,100	37,200	2,216	42,600	42,700	2,573	48,100	48,200	2,931
26,200	26,300	1,507	31,700	31,800	1,865	37,200	37,300	2,222	42,700	42,800	2,580	48,200	48,300	2,937
26,300	26,400	1,514	31,800	31,900	1,871	37,300	37,400	2,229	42,800	42,900	2,586	48,300	48,400	2,944
26,400	26,500	1,520	31,900	32,000	1,878	37,400	37,500	2,235	42,900	43,000	2,593	48,400	48,500	2,950
26,500	26,600	1,527	32,000	32,100	1,884	37,500	37,600	2,242	43,000	43,100	2,599	48,500	48,600	2,957
26,600	26,700	1,533	32,100	32,200	1,891	37,600	37,700	2,248	43,100	43,200	2,606	48,600	48,700	2,963
26,700	26,800	1,540	32,200	32,300	1,897	37,700	37,800	2,255	43,200	43,300	2,612	48,700	48,800	2,970
26,800	26,900	1,546	32,300	32,400	1,904	37,800	37,900	2,261	43,300	43,400	2,619	48,800	48,900	2,976
26,900	27,000	1,553	32,400	32,500	1,910	37,900	38,000	2,268	43,400	43,500	2,625	48,900	49,000	2,983
27,000	27,100	1,559	32,500	32,600	1,917	38,000	38,100	2,274	43,500	43,600	2,632	49,000	49,100	2,989
27,100	27,200	1,566	32,600	32,700	1,923	38,100	38,200	2,281	43,600	43,700	2,638	49,100	49,200	2,996
27,200	27,300	1,572	32,700	32,800	1,930	38,200	38,300	2,287	43,700	43,800	2,645	49,200	49,300	3,002
27,300	27,400	1,579	32,800	32,900	1,936	38,300	38,400	2,294	43,800	43,900	2,651	49,300	49,400	3,009
27,400	27,500	1,585	32,900	33,000	1,943	38,400	38,500	2,300	43,900	44,000	2,658	49,400	49,500	3,015
27,500	27,600	1,592	33,000	33,100	1,949	38,500	38,600	2,307	44,000	44,100	2,664	49,500	49,600	3,022
27,600	27,700	1,598	33,100	33,200	1,956	38,600	38,700	2,313	44,100	44,200	2,671	49,600	49,700	3,028
27,700	27,800	1,605	33,200	33,300	1,962	38,700	38,800	2,320	44,200	44,300	2,677	49,700	49,800	3,035
27,800	27,900	1,611	33,300	33,400	1,969	38,800	38,900	2,326	44,300	44,400	2,684	49,800	49,900	3,041
27,900	28,000	1,618	33,400	33,500	1,975	38,900	39,000	2,333	44,400	44,500	2,690	49,900	50,000	3,048
28,000	28,100	1,624	33,500	33,600	1,982	39,000	39,100	2,339	44,500	44,600	2,697	50,000	50,100	3,054
28,100	28,200	1,631	33,600	33,700	1,988	39,100	39,200	2,346	44,600	44,700	2,703	50,100	50,200	3,061
28,200	28,300	1,637	33,700	33,800	1,995	39,200	39,300	2,352	44,700	44,800	2,710	50,200	50,300	3,067
28,300	28,400	1,644	33,800	33,900	2,001	39,300	39,400	2,359	44,800	44,900	2,716	50,300	50,400	3,074
28,400	28,500	1,650	33,900	34,000	2,008	39,400	39,500	2,365	44,900	45,000	2,723	50,400	50,500	3,080
28,500	28,600	1,657	34,000	34,100	2,014	39,500	39,600	2,372	45,000	45,100	2,729	50,500	50,600	3,087
28,600	28,700	1,663	34,100	34,200	2,021	39,600	39,700	2,378	45,100	45,200	2,736	50,600	50,700	3,093
28,700	28,800	1,670	34,200	34,300	2,027	39,700	39,800	2,385	45,200	45,300	2,742	50,700	50,800	3,100
28,800	28,900	1,676	34,300	34,400	2,034	39,800	39,900	2,391	45,300	45,400	2,749	50,800	50,900	3,106
28,900	29,000	1,683	34,400	34,500	2,040	39,900	40,000	2,398	45,400	45,500	2,755	50,900	51,000	3,113
29,000	29,100	1,689	34,500	34,600	2,047	40,000	40,100	2,404	45,500	45,600	2,762	51,000	51,100	3,119
29,100	29,200	1,696	34,600	34,700	2,053	40,100	40,200	2,411	45,600	45,700	2,768	51,100	51,200	3,126
29,200	29,300	1,702	34,700	34,800	2,060	40,200	40,300	2,417	45,700	45,800	2,775	51,200	51,300	3,132
29,300	29,400	1,709	34,800	34,900	2,066	40,300	40,400	2,424	45,800	45,900	2,781	51,300	51,400	3,139
29,400	29,500	1,715	34,900	35,000	2,073	40,400	40,500	2,430	45,900	46,000	2,788	51,400	51,500	3,145
29,500	29,600	1,722	35,000	35,100	2,079	40,500	40,600	2,437	46,000	46,100	2,794	51,500	51,600	3,152
29,600	29,700	1,728	35,100	35,200	2,086	40,600	40,700	2,443	46,100	46,200	2,801	51,600	51,700	3,158
29,700	29,800	1,735	35,200	35,300	2,092	40,700	40,800	2,450	46,200	46,300	2,807	51,700	51,800	3,165
29,800	29,900	1,741	35,300	35,400	2,099	40,800	40,900	2,456	46,300	46,400	2,814	51,800	51,900	3,171
29,900	30,000	1,748	35,400	35,500	2,105	40,900	41,000	2,463	46,400	46,500	2,820	51,900	52,000	3,178
30,000	30,100	1,754	35,500	35,600	2,112	41,000	41,100	2,469	46,500	46,600	2,827	52,000	52,100	3,184
30,100	30,200	1,761	35,600	35,700	2,118	41,100	41,200	2,476	46,600	46,700	2,833	52,100	52,200	3,191
30,200	30,300	1,767	35,700	35,800	2,125	41,200	41,300	2,482	46,700	46,800	2,840	52,200	52,300	3,197
30,300	30,400	1,774	35,800	35,900	2,131	41,300	41,400	2,489	46,800	46,900	2,846	52,300	52,400	3,204
30,400	30,500	1,780	35,900	36,000	2,138	41,400	41,500	2,495	46,900	47,000	2,853	52,400	52,500	3,210
30,500	30,600	1,787	36,000	36,100	2,144	41,500	41,600	2,502	47,000	47,100	2,859	52,500	52,600	3,217
30,600	30,700	1,793	36,100	36,200	2,151	41,600	41,700	2,508	47,100	47,200	2,866	52,600	52,700	3,223
30,700	30,800	1,800	36,200	36,300	2,157	41,700	41,800	2,515	47,200	47,300	2,872	52,700	52,800	3,230
30,800	30,900	1,806	36,300	36,400	2,164	41,800	41,900	2,521	47,300	47,400	2,879	52,800	52,900	3,236
30,900	31,000	1,813	36,400	36,500	2,170	41,900	42,000	2,528	47,400	47,500	2,885	52,900	53,000	3,243
31,000	31,100	1,819	36,500	36,600	2,177	42,000	42,100	2,534	47,500	47,600	2,892	53,000	53,100	3,249
31,100	31,200	1,826	36,600	36,700	2,183	42,100	42,200	2,541	47,600	47,700	2,898	53,100	53,200	3,256
31,200	31,300	1,832	36,700	36,800	2,190	42,200	42,300	2,547	47,700	47,800	2,905	53,200	53,300	3,262
31,300	31,400	1,839	36,800	36,900	2,196	42,300	42,400	2,554	47,800	47,900	2,911	53,300	53,400	3,269
31,400	31,500	1,845	36,900	37,000	2,203	42,400	42,500	2,560	47,900	48,000	2,918	53,400	53,500	3,275





**2005 TAX TABLE** (Continued)

If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is	If Line 5 is at least	but less than	Gross tax is
81,000	81,100	5,069	86,500	86,600	5,427	92,000	92,100	5,784	97,500	97,600	6,142
81,100	81,200	5,076	86,600	86,700	5,433	92,100	92,200	5,791	97,600	97,700	6,148
81,200	81,300	5,082	86,700	86,800	5,440	92,200	92,300	5,797	97,700	97,800	6,155
81,300	81,400	5,089	86,800	86,900	5,446	92,300	92,400	5,804	97,800	97,900	6,161
81,400	81,500	5,095	86,900	87,000	5,453	92,400	92,500	5,810	97,900	98,000	6,168
81,500	81,600	5,102	87,000	87,100	5,459	92,500	92,600	5,817	98,000	98,100	6,174
81,600	81,700	5,108	87,100	87,200	5,466	92,600	92,700	5,823	98,100	98,200	6,181
81,700	81,800	5,115	87,200	87,300	5,472	92,700	92,800	5,830	98,200	98,300	6,187
81,800	81,900	5,121	87,300	87,400	5,479	92,800	92,900	5,836	98,300	98,400	6,194
81,900	82,000	5,128	87,400	87,500	5,485	92,900	93,000	5,843	98,400	98,500	6,200
82,000	82,100	5,134	87,500	87,600	5,492	93,000	93,100	5,849	98,500	98,600	6,207
82,100	82,200	5,141	87,600	87,700	5,498	93,100	93,200	5,856	98,600	98,700	6,213
82,200	82,300	5,147	87,700	87,800	5,505	93,200	93,300	5,862	98,700	98,800	6,220
82,300	82,400	5,154	87,800	87,900	5,511	93,300	93,400	5,869	98,800	98,900	6,226
82,400	82,500	5,160	87,900	88,000	5,518	93,400	93,500	5,875	98,900	99,000	6,233
82,500	82,600	5,167	88,000	88,100	5,524	93,500	93,600	5,882	99,000	99,100	6,239
82,600	82,700	5,173	88,100	88,200	5,531	93,600	93,700	5,888	99,100	99,200	6,246
82,700	82,800	5,180	88,200	88,300	5,537	93,700	93,800	5,895	99,200	99,300	6,252
82,800	82,900	5,186	88,300	88,400	5,544	93,800	93,900	5,901	99,300	99,400	6,259
82,900	83,000	5,193	88,400	88,500	5,550	93,900	94,000	5,908	99,400	99,500	6,265
83,000	83,100	5,199	88,500	88,600	5,557	94,000	94,100	5,914	99,500	99,600	6,272
83,100	83,200	5,206	88,600	88,700	5,563	94,100	94,200	5,921	99,600	99,700	6,278
83,200	83,300	5,212	88,700	88,800	5,570	94,200	94,300	5,927	99,700	99,800	6,285
83,300	83,400	5,219	88,800	88,900	5,576	94,300	94,400	5,934	99,800	99,900	6,291
83,400	83,500	5,225	88,900	89,000	5,583	94,400	94,500	5,940	99,900	100,000	6,298
83,500	83,600	5,232	89,000	89,100	5,589	94,500	94,600	5,947	<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;"> <b>100,000 132,580</b> 6,301                      plus 6.50% of the                      amount over \$100,000                      but less than \$132,580                 </div>		
83,600	83,700	5,238	89,100	89,200	5,596	94,600	94,700	5,953			
83,700	83,800	5,245	89,200	89,300	5,602	94,700	94,800	5,960			
83,800	83,900	5,251	89,300	89,400	5,609	94,800	94,900	5,966			
83,900	84,000	5,258	89,400	89,500	5,615	94,900	95,000	5,973			
84,000	84,100	5,264	89,500	89,600	5,622	95,000	95,100	5,979	<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;"> <b>\$132,580 or more</b>                      \$8,419 plus 6.75% of the                      amount over \$132,580                 </div>		
84,100	84,200	5,271	89,600	89,700	5,628	95,100	95,200	5,986			
84,200	84,300	5,277	89,700	89,800	5,635	95,200	95,300	5,992			
84,300	84,400	5,284	89,800	89,900	5,641	95,300	95,400	5,999			
84,400	84,500	5,290	89,900	90,000	5,648	95,400	95,500	6,005			
84,500	84,600	5,297	90,000	90,100	5,654	95,500	95,600	6,012			
84,600	84,700	5,303	90,100	90,200	5,661	95,600	95,700	6,018			
84,700	84,800	5,310	90,200	90,300	5,667	95,700	95,800	6,025			
84,800	84,900	5,316	90,300	90,400	5,674	95,800	95,900	6,031			
84,900	85,000	5,323	90,400	90,500	5,680	95,900	96,000	6,038			
85,000	85,100	5,329	90,500	90,600	5,687	96,000	96,100	6,044			
85,100	85,200	5,336	90,600	90,700	5,693	96,100	96,200	6,051			
85,200	85,300	5,342	90,700	90,800	5,700	96,200	96,300	6,057			
85,300	85,400	5,349	90,800	90,900	5,706	96,300	96,400	6,064			
85,400	85,500	5,355	90,900	91,000	5,713	96,400	96,500	6,070			
85,500	85,600	5,362	91,000	91,100	5,719	96,500	96,600	6,077			
85,600	85,700	5,368	91,100	91,200	5,726	96,600	96,700	6,083			
85,700	85,800	5,375	91,200	91,300	5,732	96,700	96,800	6,090			
85,800	85,900	5,381	91,300	91,400	5,739	96,800	96,900	6,096			
85,900	86,000	5,388	91,400	91,500	5,745	96,900	97,000	6,103			
86,000	86,100	5,394	91,500	91,600	5,752	97,000	97,100	6,109			
86,100	86,200	5,401	91,600	91,700	5,758	97,100	97,200	6,116			
86,200	86,300	5,407	91,700	91,800	5,765	97,200	97,300	6,122			
86,300	86,400	5,414	91,800	91,900	5,771	97,300	97,400	6,129			
86,400	86,500	5,420	91,900	92,000	5,778	97,400	97,500	6,135			