

Instructions for Completing Wisconsin Schedule I – 2007

INTRODUCTION – Generally, the Wisconsin Statutes require that the computation of taxable income on the 2007 Wisconsin income tax return is to be based on the Internal Revenue Code enacted as of December 31, 2006. Changes made to the Internal Revenue Code enacted after December 31, 2006, do not apply for Wisconsin income tax purposes.

Wisconsin law also provides that certain provisions of federal law do not apply for Wisconsin purposes (even though the provisions were enacted into federal law prior to December 31, 2006). Some of those provisions are:

- Exclusion for small business stock
- Bonus depreciation
- Educator expenses
- Installment method for accrual basis taxpayers
- Deduction for tuition and fees

As a result, certain income and deduction items may be different for Wisconsin and federal purposes. Any difference must be adjusted on this schedule. A description of items requiring adjustment can be found under **ITEMS REQUIRING ADJUSTMENT**.

WHO MUST FILE – If the computation of your federal adjusted gross income or itemized deductions reflects any of the differences in Wisconsin and federal law for 2007, you must complete this schedule and attach it to your Wisconsin income tax return, Form 1 or Form 1NPR.

To the extent Schedule I adjustments in a prior year affect income or expense items in 2007 (for example, the special 30% depreciation allowance was not allowed to be claimed on property placed in service after September 10, 2001), you must also make adjustments on Schedule I for 2007.

It also may be necessary to prepare a 2007 Schedule I to adjust the amount of gain or loss reportable from sales of certain assets during 2007. See the instructions for lines 2 and 3 under **SPECIFIC INSTRUCTIONS**.

PARTNERS, BENEFICIARIES OF ESTATES AND TRUSTS, AND SHAREHOLDERS OF TAX-OPTION (S) CORPORATIONS – The income and deduction items computed on the Wisconsin returns of partnerships, estates and trusts, and tax-option (S) corporations may also be affected by the differences between Wisconsin and federal law for 2007. As a result, the distributive shares of these items which are reportable on the individual Wisconsin income tax returns of the respective partners, beneficiaries, and shareholders may differ for Wisconsin and federal income tax purposes. Such partners, beneficiaries, and shareholders should receive notification from the partnership, estate or trust, or tax-option (S) corporation of the amounts reportable for Wisconsin purposes. By comparing the amounts reportable for Wisconsin and federal purposes, the partner, beneficiary, or shareholder should determine the items which differ and make the appropriate adjustments.

SPECIFIC INSTRUCTIONS

(Numbered to correspond with the line numbers on Schedule I)

INSTRUCTIONS FOR PART I

1. Fill in your 2007 federal adjusted gross income from line 37 of your federal Form 1040 (line 21 of Form 1040A if you claimed the tuition and fees deduction on that form).

2 & 3. If you sold or otherwise disposed of certain property during 2007, the gain or loss reportable from such sale may differ for Wisconsin and federal purposes due to Schedule I adjustments made in the current year or a prior year. This would occur, for example, when different rates of depreciation or amortization were allowable for Wisconsin and federal purposes in 1975 or thereafter.

To properly report such gain or loss on your Wisconsin return, you must first remove all gain or loss included in your federal adjusted gross income. This is done by filling in line 2a or 2b and/or line 3a or 3b. Then fill in the revised gain or loss on line 2c and/or line 3c. Enclose a revised federal Schedule D, Form 4684, or Form 4797 marked “Revised for Wisconsin purposes” with Form 1 or Form 1NPR.

Do not complete lines 2 and 3 if you did not make Schedule I adjustments in the current year or a prior year for the property you sold or otherwise disposed of during 2007.

5. Complete line 5 to make all other adjustments needed to convert 2007 federal adjusted gross income to the amount allowable for Wisconsin. See the listing under Section A of **ITEMS REQUIRING ADJUSTMENT**.

When an adjustment is made on line 2, 3, or 5, this may affect other amounts which must then also be adjusted. For example, the amount of social security includable in federal adjusted gross income may be affected when an adjustment is made to an income item. The adjustment to social security includable in federal adjusted gross income should be reported on line 5.

When completing line 5, if you are adjusting an expense item (for example, depreciation or amounts claimed as Adjustments to Income on lines 23 through 35 of federal Form 1040), fill in the amounts in Col. I and Col. II as negative numbers. Put parentheses around the amounts to show negative numbers.

If you are adjusting an income item, fill in the amounts in Col. I and Col. II as positive numbers.

Complete Col. III as follows:

- If the amounts in Col. I and Col. II are positive numbers (or one number is a positive number and the other number is zero) and the amount in Col. II is larger than the amount in Col. I, subtract Col. I from Col. II. Fill in the difference in Col. III.

- If the amounts in Col. I and Col. II are positive numbers (or one number is a positive number and the other number is zero) and the amount in Col. I is larger than the amount in Col. II, subtract Col. II from Col. I. Fill in the difference as a negative number in Col. III.
 - If the amounts in Col. I and Col. II are negative numbers (or one number is a negative number and the other number is zero) and the amount in Col. II is larger than the amount in Col. I, subtract Col. I from Col. II. Fill in the difference as a negative number in Col. III. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the amounts in Col. I and Col. II.
 - If the amounts in Col. I and Col. II are negative numbers (or one number is a negative number and the other number is zero) and the amount in Col. I is larger than the amount in Col. II, subtract Col. II from Col. I. Fill in the difference as a positive number in Col. III. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the amounts in Col. I and Col. II.
6. The amount on line 6 is your recomputed federal adjusted gross income based on the Internal Revenue Code in effect for Wisconsin for 2007. This amount is the starting point for determining Wisconsin taxable income on Form 1.

INSTRUCTIONS FOR PART II

7. Whenever federal adjusted gross income has been increased or decreased in Part I of Schedule I, itemized deductions which are computed using federal adjusted gross income (for example, medical expenses and charitable contributions) may require adjustment. The deductible amounts of any such items used to compute the Wisconsin itemized deduction credit must be determined by using the federal adjusted gross income computed on line 6 of Part I.

See the listing under Section B of ITEMS REQUIRING ADJUSTMENT for other itemized deductions that require adjustment.

ITEMS REQUIRING ADJUSTMENT

Following are brief explanations of differences between federal and Wisconsin law which were known at the time this form was printed.

The “Federal” explanation indicates how an item is to be treated for federal income tax purposes as of December 31, 2007. The “Wisconsin” explanation indicates how the item is to be treated for Wisconsin purposes.

If you need additional information regarding these items, contact any Wisconsin Department of Revenue office.

A. ITEMS AFFECTING THE COMPUTATION OF FEDERAL ADJUSTED GROSS INCOME

1. Small Business Stock

- (a) Federal – An exclusion is allowed for 50% of the gain from the sale or exchange of qualified small business stock issued after August 10, 1993, and held for more than five years. (Public Law 103-66)
- (b) Wisconsin – Gain from the sale or exchange of qualified small business stock is included in gross income.

2. Installment Method for Accrual Basis Taxpayers

- (a) Federal – Accrual basis taxpayers may report income from an installment sale under the installment method. (Public Law 106-573)
- (b) Wisconsin – Accrual basis taxpayers cannot use the installment method for reporting sales and other dispositions. Gain from the sale of property must be recognized in the year of the sale, rather than when payments are received. This does not apply to dispositions of property used or produced in farming or for certain dispositions of timeshares or residential lots.

3. Increase in Section 179 Expensing

- (a) Federal – For taxable years beginning in 2007, the amount that may be expensed under sec. 179, Internal Revenue Code, is \$125,000. The phase-out threshold is \$500,000. Off-the-shelf computer software is considered qualifying property. (Public Law 110-28)
- (b) Wisconsin – The amount that may be expensed under sec. 179 is limited to \$25,000. The phase-out threshold is \$200,000. Off-the-shelf computer software is not considered qualifying property.

4. Health Savings Accounts

- (a) Federal – Certain individuals may establish health savings accounts. A deduction is allowed for contributions to the account. Amounts contributed by an employer to an employee’s account are excluded from the employee’s gross income. (Public Laws 108-173 and 109-432)
- (b) Wisconsin – The federal provisions relating to health savings accounts do not apply. For example:
 - 1) a deduction is not allowed for the amount paid to a health savings account,
 - 2) earnings on the health savings account are subject to Wisconsin income tax,
 - 3) amounts distributed from the account are not subject to Wisconsin income tax,

- 4) rollovers from Archer Medical Savings Accounts result in a taxable transaction, and
- 5) the amounts contributed by an employer (or contributed pre-tax for federal purposes by an employee) are taxable wages to the employee.

5. Depreciation or Amortization

- (a) Federal – Depreciation or amortization is determined under the provisions of the Internal Revenue Code in effect for federal tax purposes.
- (b) Wisconsin – Depreciation or amortization is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000. For example, the federal provisions relating to thirty percent and fifty percent bonus depreciation do not apply for Wisconsin.

6. Film and Television Productions

- (a) Federal – A taxpayer may elect to treat the cost of any qualified film or television production as an expense which is not chargeable to capital account. (Public Law 108-357)
- (b) Wisconsin – The treatment of a film or television production is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

7. Modification of Placed in Service Rule for Bonus Depreciation Property

- (a) Federal – In the case of multiple units of property subject to the same lease, property will qualify as placed in service on the date of sale if it is sold within three months after the final unit is placed in service, so long as the period between the time the first and last units are placed in service does not exceed 12 months. (Public Law 108-357)
- (b) Wisconsin – The special rule for multiple units of property subject to the same lease does not apply for Wisconsin.

8. Dispositions of Transmission Property to Implement Federal Regulatory Commission or State Electric Restructuring

- (a) Federal – Taxpayers may elect to recognize gain from qualifying electric transmission transactions ratably over an eight-year period if the amount realized is used to purchase exempt utility property. (Public Law 108-357)
- (b) Wisconsin – Gain is recognized to the extent the sales price (and any other consideration received) exceeds the seller's basis in the property, unless the gain is deferred or not recognized under a special tax provision.

9. Expensing for Equipment Used in Refining of Liquid Fuels

- (a) Federal – An election is available to treat 50% of the cost of any qualified refinery property as an expense. (Public Law 109-58)
- (b) Wisconsin – The election to treat 50% of the cost of any qualified refinery property as an expense is not available.

10. Small Refiner Exception to Oil Depletion Deduction

- (a) Federal – For purposes of the small refiner exception to the oil depletion deduction, the current 50,000-barrel-per-day limitation is increased to 75,000. The refinery limitation on claiming independent producer status is based on average daily production for the taxable year. This provision was extended to apply to taxable years beginning before January 1, 2008. (Public Law 109-432)
- (b) Wisconsin – The extension of the oil depletion deduction does not apply for Wisconsin.

11. Section 179 Deduction for GO Zone Property

- (a) Federal – The maximum allowable sec. 179, Internal Revenue Code, expense allowance is increased by the lesser of \$100,000 or the cost of qualified sec. 179 Gulf Opportunity Zone property placed in service in the tax year. The investment limit is increased by the lesser of \$600,000 or the amount of such property placed in service during the tax year. (Public Law 109-135)
- (b) Wisconsin – The amount that may be expensed under sec. 179 is limited to \$25,000. The phase-out threshold is \$200,000.

12. Expensing of Certain Demolition and Clean-up Costs in GO Zone

- (a) Federal – Business taxpayers may claim a deduction for 50% of costs paid or incurred in the Gulf Opportunity Zone before January 1, 2008, to remove debris from real property or to demolish structures on real property. (Public Law 109-135)
- (b) Wisconsin – The treatment of the cost to demolish structures and to remove debris is determined under the provisions of the Internal Revenue Code in effect on December 31, 2004.

13. Environmental Remediation Costs in GO Zone

- (a) Federal – Qualified environmental remediation expenditures paid or incurred in connection with a contaminated site located in the Gulf Opportunity Zone are deductible if paid or incurred before January 1, 2008. Petroleum products, including crude oil, are treated as a hazardous substance for purposes of the deduction. (Public Law 109-135)

- (b) Wisconsin – A taxpayer may not treat environmental remediation costs as an expense which is not chargeable to capital account.

14. Reforestation Expenditures in GO Zone

- (a) Federal – For taxpayers that hold no more than 500 acres of qualified timber property, the maximum expensing limitation is doubled to \$20,000 for reforestation expenditures paid or incurred in the Gulf Opportunity Zone, Rita Gulf Opportunity Zone, or the Wilma Gulf Opportunity Zone. (Public Law 109-135)
- (b) Wisconsin – The increase in the maximum expensing limitation does not apply for Wisconsin.

15. Loans to Continuing Care Facilities

- (a) Federal – The exceptions to the imputed interest rules are revised to eliminate the dollar cap on aggregate outstanding loans and to lower the age of the lender or the lender's spouse to 62. (Public Laws 109-222 and 109-432)
- (b) Wisconsin – The imputed interest rules apply if the aggregate outstanding loans do not exceed \$163,000 and if the lender or the lender's spouse has attained the age of 65 before the close of the calendar year.

16. Deduction for Tuition and Fees

- (a) Federal – The deduction for up to \$4,000 of qualified tuition and fees paid during the taxable year in connection with enrollment at an institute of higher education is extended through December 31, 2007. (Public Law 109-432)
- (b) Wisconsin – The federal deduction for up to \$4,000 of qualified tuition and fees does not apply for Wisconsin. (**Note** Although the federal deduction for tuition and fees cannot be claimed for Wisconsin, you may qualify for a tuition deduction provided by Wisconsin law. If you claimed the federal tuition and fees deduction, you must complete Schedule I to remove the federal deduction. See page 13 of the Form 1 instructions (page 18 of Form 1NPR instructions) for more information on the Wisconsin deduction for tuition paid.)

17. Environmental Remediation Costs

- (a) Federal – The election to expense environmental remediation costs is extended through December 31, 2007. The definition of a hazardous substance is expanded to include any petroleum product. (Public Law 109-432)
- (b) Wisconsin – A taxpayer may not elect to treat environmental remediation costs as an expense which is not chargeable to capital account.

18. Rollovers from Health FSAs and HRAs into HSAs

- (a) Federal – Certain amounts in a health flexible spending arrangement (FSA) or health reimbursement arrangement (HRA) may be distributed from the FSA or HRA and contributed through a direct transfer to a health savings account (HSA). Amounts contributed to the HSA under this provision are excludable from gross income and are not deductible. (Public Law 109-432)
- (b) Wisconsin – Wisconsin does not recognize HSAs. Any distribution from an FSA or HRA is taxable when rolled over to an HSA.

19. One-Time Distribution from IRAs to Fund HSAs

- (a) Federal – Gross income does not include a qualified HSA funding distribution. (Public Law 109-432)
- (b) Wisconsin – Transfers from an IRA to an HSA is a taxable transaction.

20. Partial Expensing for Advanced Mine Safety Equipment

- (a) Federal – A taxpayer may elect to treat 50% of the cost of any qualified advanced mine safety equipment property as a deduction in the taxable year in which the equipment is placed in service. (Public Law 109-432)
- (b) Wisconsin – Advanced mine safety equipment is depreciated under the provisions of the Internal Revenue Code in effect on December 31, 2000.

21. Partnership Election

- (a) Federal – A married couple who jointly operates an unincorporated business and who files a joint return can elect not to be treated as a partnership for federal tax purposes. Each spouse takes into account his or her share of income, gain, loss, and other items as a sole proprietor. (Public Law 110-28)
- (b) Wisconsin – The election not to be treated as a partnership is not available for Wisconsin. A partnership return must be filed for a married couple who jointly operates an unincorporated business.

22. Restricted Bank Director Stock

- (a) Federal – If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock, the amount of such distribution is includible in gross income of the director. (Public Law 110-28)
- (b) Wisconsin – The treatment of restricted bank director stock is determined under the provisions of the Internal Revenue Code in effect on December 31, 2006.

23. Educator Expenses

- (a) Federal – The deduction from gross income for up to \$250 of expenses paid or incurred by an eligible educator in connection with books, supplies, computer equipment and other equipment, and supplementary materials used by an educator in the classroom is extended through taxable years beginning in 2007. (Public Law 109-432)
- (b) Wisconsin – The deduction from gross income for expenses of an educator in connection with books, supplies, computer equipment and other equipment, and supplementary materials used in the classroom is not allowed.

24. Accelerated Depreciation for Indian Reservation Property

- (a) Federal – The provision allowing accelerated depreciation for business property on Indian reservations is extended. It will expire for property placed in service after December 31, 2007. (Public Law 109-432)
- (b) Wisconsin – Depreciation is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

25. Qualified Leasehold Improvements and Qualified Restaurant Property

- (a) Federal – The 15-year recovery period for qualified leasehold improvement property and qualified restaurant property is extended to apply to property placed in service during 2006 and 2007. (Public Law 109-432)
- (b) Wisconsin – The recovery period for depreciation of leasehold improvement property and restaurant property is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

26. Archer Medical Savings Accounts (MSA)

- (a) Federal – The cut-off year for purposes of the Archer MSAs is extended through calendar year 2007. (Public Law 109-432)
- (b) Wisconsin – No deduction is allowed for contributions to Archer MSAs established after calendar year 2005.

27. Bonus Depreciation for Gulf Opportunity Zone Property

- (a) Federal – Fifty percent bonus depreciation is extended for Gulf Opportunity Zone property placed in service on or before December 31, 2010. (Public Law 109-432)

- (b) Wisconsin – Bonus depreciation does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

28. Energy Efficient Commercial Buildings Deduction

- (a) Federal – The deduction for energy-efficient commercial building property expenditures is extended to property placed in service after December 31, 2007, and before January 1, 2009. (Public Law 109-432)
- (b) Wisconsin – The treatment of energy-efficient commercial building property expenditures is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

29. Depreciation for Cellulosic Biomass Ethanol Plant Property

- (a) Federal – The depreciation deduction for cellulosic biomass ethanol plant property shall include an allowance equal to 50% of the adjusted basis of such property. (Public Law 109-432)
- (b) Wisconsin – Depreciation for cellulosic biomass ethanol plant property is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

30. Domestic Production Activities in Puerto Rico

- (a) Federal – For purposes of determining production gross receipts, Puerto Rico may be treated as part of the United States. (Public Law 109-432)
- (b) Wisconsin – Puerto Rico may not be treated as part of the United States when determining production gross receipts.

31. Whistleblower Reforms

- (a) Federal – For information provided on or after December 20, 2006, an above-the-line deduction is allowed for attorneys' fees and costs paid by, or on behalf of, an individual in connection with any award for providing information to the IRS regarding violations of tax laws. (Public Law 109-432)
- (b) Wisconsin – Attorneys' fees and costs can only be claimed as a miscellaneous itemized deduction. Such fees are not allowed in computing the Wisconsin itemized deduction credit.

32. Exclusion of Gain on Sale of Residence by Members of the Intelligence Community

- (a) Federal – To be eligible to exclude gain on the sale of a principal residence, the taxpayer must have owned and used the residence as a principal residence for at least two of the five years ending on the sale or exchange. For sales and exchanges after December 20, 2006, specified employees of the intelligence community may elect to suspend the running of the five-year test period during any period in which they are serving on extended duty. (Public Law 109-432)
- (b) Wisconsin – Taxpayers must meet the five-year test period to qualify to exclude gain on the sale of a principal residence.

33. Sale of Property by Judicial Officers

- (a) Federal – Under prior law, employees of the executive branch of the federal government (and their spouses and minor or dependent children) who are required to divest property in order to comply with conflict of interest requirements may elect to postpone the recognition of gains by investing in certain replacement property within 60 days. For sales after December 20, 2006, this postponement is extended to judicial officers. (Public Law 109-432)
- (b) Wisconsin – The election to postpone recognition of gain applies to an officer or employee of the executive branch of the Federal Government and their spouses and minor or dependent children.

34. Sale of Mineral and Geothermal Rights to Tax-Exempt Entities

- (a) Federal – Gross income does not include 25% of the qualifying gain from a conservation sale of a qualifying mineral or geothermal interest to an eligible entity. (Public Law 109-432)
- (b) Wisconsin – The gain from a conservation sale of a qualifying mineral or geothermal interest is included in income.

B. ITEMS AFFECTING THE COMPUTATION OF ITEMIZED DEDUCTIONS

1. Medical Expense Deduction

- (a) Federal – Any payment or distribution out of a health savings account for qualified medical expenses shall not be treated as an expense paid for medical care for purposes of claiming an itemized deduction for medical and dental expenses. (Public Law 108-173)
- (b) Wisconsin – Payments or distributions out of a health savings account that are used for qualified medical expenses are an allowable itemized deduction in the year the medical expenses are paid.

2. Mortgage Insurance Premiums

- (a) Federal – Mortgage insurance premiums paid in connection with acquisition indebtedness for a qualified residence is treated as interest. This does not apply to mortgage insurance contracts issued before January 1, 2007, or to amounts paid or accrued after December 31, 2007. (Public Law 109-432)
- (b) Wisconsin – Mortgage insurance premiums cannot be treated as interest and cannot be used in the computation of the Wisconsin itemized deduction credit

RECENT FEDERAL LAW CHANGES DO NOT APPLY FOR WISCONSIN

For taxable years beginning in 2007, Wisconsin generally follows the Internal Revenue Code enacted as of December 31, 2006. Unless later adopted by the Wisconsin Legislature, changes to federal law enacted after December 31, 2006, do not apply for Wisconsin. Taxpayers must use 2007 Wisconsin Schedule I to adjust for Wisconsin and federal differences in the definition of the Internal Revenue Code. Schedule I provides a listing of the various items that must be adjusted.

Additional federal laws were enacted after the 2007 Schedule I was sent to the printer. Listed below are additional changes to federal law that must be considered when completing Schedule I. These law changes were made by Public Law 110-140, enacted December 19, 2007, Public Law 110-141, enacted December 19, 2007, Public Law 110-142, enacted December 20, 2007, and Public Law 110-172, enacted December 29, 2007.

1. Amortization of Geological and Geophysical Expenditures for Certain Major Integrated Oil Companies

- (a) Federal – In the case of a major integrated oil company, any geological and geophysical expenses paid or incurred after December 19, 2007, in connection with the exploration for, or development of, oil or gas within the United States shall be allowed as a deduction ratably over a 7-year period. (Public Law 110-140)
- (b) Wisconsin – Amortization is determined under the provisions of the Internal Revenue Code in effect on December 31, 2000.

2. Exclusion from Income for Payments from the Okie Spirit Memorial Fund

- (a) Federal – Gross income does not include any amount received from the Virginia Polytechnic Institute & State University, out of amounts transferred from the Hokie Spirit Memorial Fund if such amount is paid on account of the events on April 16, 2007, at such university. (Public Law 110-141)
- (b) Wisconsin – Amounts received from the Virginia Polytechnic Institute & State University, out of amounts transferred from the Hokie Spirit Memorial Fund, are included in gross income.

3. Discharges of Indebtedness on Principal Residence

- (a) Federal – Gross income does not include any amount which would be includible in gross income by reason of discharge of indebtedness if the indebtedness discharged is qualified principal residence indebtedness which is discharged before January 1, 2010. (Public Law 110-142)
- (b) Wisconsin – The exclusion from gross income for income from discharge of indebtedness on a qualified principal residence does not apply for Wisconsin.

4. Exclusion for Certain Post-Marriage Sale of Principal Residence by Surviving Spouse

- (a) Federal – In the case of a sale or exchange of property after December 31, 2007, by an unmarried individual whose spouse is deceased on the date of such sale, the amount of gain excluded from gross income with respect to any sale or exchange of the property shall not exceed \$500,000 if such sale occurs not later than two years after the date of death of the spouse and all other requirements were met before such date of death. (Public Law 110-142)
- (b) Wisconsin – The exclusion of gain on the sale of a principal residence by a surviving spouse is determined under the provisions of the Internal Revenue Code in effect on December 31, 2006.

5. Distribution of Stock and Securities of a Controlled Corporation

- (a) Federal – For purposes of distributions of stock and securities of a controlled corporation, special rules are provided for determining active conduct of a trade or business in the case of affiliated groups. (Public Law 110-172)
- (b) Wisconsin – The treatment of distributions of stock and securities of a controlled corporation is determined under the provisions of the Internal Revenue Code in effect on December 31, 2006.

Note: The following provisions affect the computation of itemized deductions.

1. Mortgage Insurance Premiums

- (a) Federal – The treatment of certain mortgage insurance premiums as interest is extended to apply to amounts paid or accrued through December 31, 2010. (Public Law 110-42)
- (b) Wisconsin – Mortgage insurance premiums cannot be treated as interest and cannot be used in the computation of the Wisconsin itemized deduction credit.

2. Cooperative Housing Corporation

- (a) Federal – The definition of a cooperative housing corporation is revised for purposes of allowing a deduction to a tenant-stockholder for interest and real estate taxes. (Public Law 110-42)
- (b) Wisconsin – The definition of a cooperative housing corporation is as provided under the provisions of the Internal Revenue Code in effect on December 31, 2006.