

1 Wisconsin income tax

Instructions

2008



FREE - SECURE - ACCURATE - efile

Wisconsin efile is a new way to file your state tax returns – just visit revenue.wi.gov and click “WI efile” to get started

- **FREE** – file state tax returns without charge
- **SECURE** – safe and secure submission
- **ACCURATE** – fewer errors than paper

Plus, refunds within five business days with direct deposit

New for 2008

Social Security Benefits Social security benefits are no longer taxable by Wisconsin (*page 12*).

Medical Care Insurance The subtraction for medical care insurance is expanded to include a person whose employer pays a portion of the cost of the insurance. Such persons may subtract 10% of amount they paid for the insurance (*page 13*).

Section 179 Expense for Farmers Farmers may be able to claim a sec. 179 expense deduction of up to \$115,000. Complete Schedule I before completing line 1 of Form 1.

Schedule CR Certain business credits must be consolidated on Schedule CR (*pages 27 and 33*).

New Business Credits See pages 22, 25, 27, and 33.

Expenses Paid to Related Parties The treatment of interest and rental expenses paid to a related party has changed (*pages 12 and 20*).

Questions?
Taxpayer Assistance
page 6

Para asistencia gratuita
en Español
ver página 4

Free Tax Preparation
page 2

Filing Deadline
Wednesday,
April 15, 2009

revenue.wi.gov

FEDERAL PRIVACY ACT In compliance with federal law, you are hereby notified that the request for your social security number on the Wisconsin income tax return is made under the authority of Section 71.03(6)(a) of the Wisconsin Statutes. The disclosure of this number on your return is mandatory. It will be used for identification purposes throughout the processing, filing, and auditing of your return and the issuance of refund checks.

Page		Page		Page	
	Additions to and subtractions from income	20			
	Additions to income	10, 20			
	Address, where to file	35			
	Adoption expenses	17			
	Alternative minimum tax	26			
	Amended returns	35			
	Amount you owe	33			
	Amounts not deductible	12			
	Amounts not taxable-subtraction	17			
	Armed forces personnel	36			
	Assembling your return	34			
	ATV incentive payments	20			
	Basis of assets	20, 21			
	Capital gain and loss	10, 13			
	College savings and tuition programs	17, 18			
	Copies of prior returns	36			
	Credit card payments	33			
	Credits				
	Armed forces member	22			
	Dairy and livestock farm investment	11, 27			
	Dairy manufacturing facility	11, 33			
	Development and technology zones	11, 20, 27, 29			
	Earned income	29			
	Enterprise zone jobs	11, 33			
	Ethanol and biodiesel fuel pump	12, 27			
	Farmland preservation	11, 30, 36			
	Farmland tax relief	11, 30			
	Film production investment	11, 25			
	Film production services	11, 27, 33			
	Health insurance risk-sharing	22			
	Historic rehabilitation	24, 29			
	Homestead	30, 36			
	Internet equipment	11, 27			
	Itemized deduction	22			
	Manufacturer's sales tax	27			
	Manufacturing investment	11, 27			
	Married couple	26			
	Repayment	30			
	School property tax credit	22			
	Tax paid to another state	27			
	Venture capital	27			
	Veterans and surviving spouses property tax	31			
	Working families tax	24			
	Death of a taxpayer	36			
	Dependents	5, 21			
	Differences in federal and Wisconsin law	9			
	Disability income exclusion	18			
	Donations	28			
	Electronic filing	5			
	Estimated tax	29, 33, 35			
	Exemptions	21			
	Extension of time to file	5			
	Farm loss carryover	17			
	Farm losses	10			
	Federal adjusted gross income	9			
	Filing				
	Steps to filing	7			
	When to file	5			
	Where to file	35			
	Which form to file	4			
	Who must file	5			
	Who should file	5			
	Filing assistance	2, 6			
	Filing status	8			
	Forms-where to get	6			
	Installment payments	33			
	Interest income	9, 12			
	Internal Revenue Service adjustments	35			
	Internet address	6			
	Legislator's per diem	20			
	Long-term care insurance	14			
	Lump-sum distributions	11			
	Marital property income	21			
	Medical care insurance	13			
	Name and address	8			
	Native Americans	17			
	Net operating loss	11, 17			
	Operation Iraqi Freedom	6			
	Organ donation	19			
	Partnership, trust, or estate income	20			
	Passive foreign investment company	11			
	Penalties				
	IRAs, retirement plans, MSAs, etc.	28			
	Not filing or incorrect returns	35			
	Repayments	29			
	Period covered	8			
	Publications	6			
	Railroad retirement benefits	17			
	Reciprocity	27			
	Recoveries of federal itemized deductions	17			
	Recycling surcharge	27			
	Refund	7, 33			
	Related entities	12, 20			
	Repayment of income previously taxed	19			
	Reserve or National Guard members	20			
	Retirement benefits	16			
	Rounding to whole dollars	9			
	Sales and use tax due				
	on out-of-state purchases	27			
	Sales to related persons	18, 29			
	School district number	9, 37			
	Sign your return	34			
	Social security benefits	12			
	Social security numbers	8			
	Special conditions	9			
	Standard deduction	21			
	Table	45			
	State election campaign fund	8			
	State income tax refunds	12			
	Subtractions from income	13, 20			
	Tax	22			
	Tax district	8			
	Tax-option (S) corporation	20			
	Tax computation worksheet	44			
	Tax table	38			
	Telephone numbers	6			
	Third party designee	34			
	Tips on completing form	3			
	Tuition and fees	15			
	Underpayment interest	34			
	Unemployment compensation	12			
	Withholding	29			

Free Tax Preparation Available (commonly referred to as VITA or TCE)

Need help filing your taxes?

Wisconsin residents can have their taxes prepared for free at any IRS sponsored Volunteer Income Tax Assistance (VITA) site or at any AARP sponsored Tax Counseling for the Elderly (TCE) site. These two programs have helped millions of individuals across the country in preparing their taxes. Trained volunteers will fill out your tax return. Many sites will even e-file your return. The entire service is free.

Who can use VITA services?

- Low and moderate income individuals
- Individuals with disabilities
- Elderly
- Individuals who qualify for the homestead credit or the earned income tax credit

What should you bring?

- W-2 wage and tax statements
- Information on other sources of income and any deductions
- Social security cards of taxpayer(s) and dependents
- To claim the homestead credit, bring a completed rent certificate (if you are a renter), a copy of your 2008 property tax bill (if you are a homeowner), and a record of any Wisconsin Works (W2) payments received in 2008
- Both spouses must be present to file a joint return

VITA and TCE locations:

- In Wisconsin, call 1-800-829-1040
- On the web, visit www.revenue.wi.gov and type "VITA sites" in the Search box
- Call the AARP at 1-888-227-7669

E-filed returns can be processed quickly by the department. However, if you decide to paper file, there are several things you can do that will speed-up the processing of your return. Faster processing means faster refunds.

Paper returns are electronically scanned. The processing of the return (and any refund) is delayed when the scanner cannot correctly read the information on the return. **To aid in the scanning process**, be sure to do the following:

- Do not submit photocopies to the department. Photocopies can cause unreadable entries.

- Use BLACK INK. Pencils, colored ink, and markers do not scan well.

Your legal last name SMITH	Legal first name JOSEPH	M.I. J
If a joint return, spouse's legal last name SMITH	Spouse's legal first name MARY	M.I. E
Home address (number and street) 2375 N 7 ST		
City or post office ANYWHERE	State WI	Zip code 55555

- Write your name and address clearly using BLOCK CAPITAL LETTERS like this →

- NEVER USE COMMAS OR DOLLAR SIGNS when filling in dollar amounts. They can be misread by scanners.

- Round off amounts to WHOLE DOLLARS – NO CENTS.

- Do not use parentheses () for a negative number. Use a negative sign, -8300 rather than (8300).

- Print your numbers like this: **0 1 2 3 4 5 6 7 8 9** Do not use: **Ø 1 4 7**

- Do not add cents in front of the preprinted zeros on entry lines as shown below.

School property tax credit			
a Rent paid in 2008–heat included	<u>2345.00</u>	} Find credit from table page 24 . 23a	<u>226.00</u>
Rent paid in 2008–heat not included	<u>5678.00</u>		
b Property taxes paid on home in 2008	<u>.00</u>	▶ Find credit from table page 25 . 23b	<u>.00</u>

- Do not cross out entries. Use correction fluid, if available, or start over.
- Do not write in the margins.
- Always put entries on the lines, not to the side, above, or below the line.
- Lines where no entry is required should be left blank. Do not fill in zeros or zeros with lines through them.
- Do not draw vertical lines in entry fields. They can be read as a “1” by scanners.

- Do not use staples.



You may file Form WI-Z if you:	You may file Form 1A if you:	You must file Form 1 if you:	You must file Form 1NPR if you:
<ul style="list-style-type: none"> • File federal Form 1040EZ <i>AND</i> • Were a Wisconsin resident all year <i>AND</i> • Were under age 65 on December 31, 2008, <i>AND</i> • Do not have W-2s that include active duty military pay received as a member of the National Guard or Reserves <i>AND</i> • Did not have interest income from state, municipal, or U.S. bonds <i>AND</i> • Did not receive unemployment compensation <i>AND</i> • Are not claiming any credits other than Wisconsin tax withheld from wages, renter's and homeowner's school property tax credit, working families tax credit, or the married couple credit <i>AND</i> • Are not claiming Wisconsin homestead credit. 	<ul style="list-style-type: none"> • Were single all year or married and file a joint return or file as head of household <i>AND</i> • Were a Wisconsin resident all year <i>AND</i> • Have income only from wages, salaries, tips, taxable scholarships and fellowships, interest, dividends, capital gain distributions, unemployment compensation, pensions, annuities, and IRAs <i>AND</i> • Have no adjustments to income (except deductions for an IRA, medical care insurance, or student loan interest) <i>AND</i> • Are not claiming credit for itemized deductions, tax paid to another state, historic rehabilitation, venture capital, or repayment of income previously taxed <i>AND</i> • Are not subject to a Wisconsin penalty on an IRA, qualified retirement plan, or Coverdell education or medical savings account. <p>Exception If you used federal Form 4972, you must file Form 1.</p>	<ul style="list-style-type: none"> • Were a Wisconsin resident all year <i>AND</i> • Were married and file a separate return, or were divorced during the year <i>OR</i> • Have income which may not be reported on Form WI-Z or 1A (such as capital gain, rental, farm, or business income) <i>OR</i> • Claim adjustments to income (such as for alimony paid, tuition expense, or disability income exclusion) <i>OR</i> • Claim credit for itemized deductions, tax paid to another state, historic rehabilitation, venture capital, or repayment of income previously taxed <i>OR</i> • Are subject to a Wisconsin penalty on an IRA, qualified retirement plan, or Coverdell education or medical savings account <i>OR</i> • Are subject to the alternative minimum tax. 	<ul style="list-style-type: none"> • Were domiciled* in another state or country at any time during the year <i>OR</i> • Are married filing a joint return and your spouse was domiciled* in another state or country at any time during the year. <p>* Your domicile is your true, fixed, and permanent home to which, whenever absent, you intend to return. You can be physically present or residing in one locality but maintain your domicile in another.</p> <p>Your domicile, once established, does not change unless all three of the following circumstances occur or exist:</p> <ol style="list-style-type: none"> (1) You intend to abandon your old domicile and take actions consistent with that intent <i>AND</i> (2) You intend to acquire a new domicile and take actions consistent with that intent <i>AND</i> (3) You are physically present in the new domicile.

Servicio en Español

La Temporada de Impuestos (Taxes) puede ser confusa. Puede ser aun más confusa si nuestro primer idioma no es el inglés. Pero ahora hay ayuda. Las siguientes organizaciones ofrecen asistencia gratis en español. Por favor llamar para los horarios.

UMOS, Inc.
910 W Mitchell St
Milwaukee WI 53204
(414) 389-6600

SDC (Social Development Commission)
Southside Neighborhood Service Center
931 W Madison St
Milwaukee WI 53204
(414) 643-8444

Centro Hispano
835 W Badger Road
Madison WI 53713
(608) 255-3018

Algunas preguntas frecuentes han sido traducidas al español. Se pueden encontrar las repuestas a esas preguntas en el vinculo (link) "En Español" en la columna izquierda de la página principal del Wisconsin Department of Revenue www.revenue.wi.gov.

Who Must File

Refer to the table to see if you are required to file a return for 2008.

Filing status	Age as of December 31, 2008	You must file if your gross income* (or total gross income of husband and wife) during 2008 was:
Single	Under 65	\$9,660 or more
	65 or older	\$9,910 or more
Married-filing joint return	Both spouses under 65	\$18,000 or more
	One spouse 65 or older	\$18,000
	Both spouses 65 or older	\$18,040
Married-filing separate return	Any age	\$9,000 or more (applies to each spouse individually – must use Form 1)
Head of household	Under 65	\$12,270 or more
	65 or older	\$12,520 or more

* Gross income means all income (before deducting expenses) reportable to Wisconsin. The income may be received in the form of money, property, or services. It does not include items that are exempt from Wisconsin tax. For example, it does not include social security benefits or U.S. government interest.

Other Filing Requirements

You may have to file a return even if your income is less than the amounts shown on the table. You must file a return for 2008 if:



- You could be claimed as a dependent on someone else’s return and either of the following applies:
 - (1) Your gross income was more than \$900 and it included at least \$301 of unearned income, or
 - (2) Your gross income (total unearned income and earned income) was more than –
 - \$8,960 if single,
 - \$11,570 if head of household,
 - \$16,140 if married filing jointly, or
 - \$7,660 if married filing separately.

Unearned income includes taxable interest, dividends, capital gain distributions, and taxable scholarship and fellowship grants that were not reported to you on a W-2. Earned income includes wages, tips, and scholarship and fellowship grants that were reported to you on a W-2.

- You owe a penalty on an IRA, retirement plan, Coverdell education savings account, or Archer medical savings account.
- You were a nonresident or part-year resident of Wisconsin for 2008 and your gross income was \$2,000 or more. If you were married, you must file a return if the combined gross income of you and your spouse was \$2,000 or more. (You must file Form 1NPR.)

Who Should File

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

- You had Wisconsin income tax withheld from your wages.
- You paid estimated taxes for 2008.
- You claim the earned income credit or the veterans and surviving spouses property tax credit.

E-Filing (Electronic Filing)

Electronic filing is the fastest way to get your federal and state income tax refunds. If you choose to have your Wisconsin refund deposited directly in a financial institution account, it may be issued in as few as five working days. Checks may be issued in as few as seven working days.

You may pay by electronic funds transfer if you file electronically. File early and schedule payment as late as April 15. Go to www.revenue.wi.gov/faqs/pcs/e-faq3.html for more information.

To file your Wisconsin income tax return electronically, you can use ...

- *Wisconsin e-file* Available for free on the Department of Revenue website at www.revenue.wi.gov. These Wisconsin forms are submitted electronically after you complete them.
- *A tax professional* Check your local telephone directory for the names of tax professionals who offer electronic filing, or visit our website at www.revenue.wi.gov/eserv/city/index.html.
- *Tax preparation software* Purchase off-the-shelf tax preparation software to install on your computer, or connect to one of the private vendor websites that offer electronic filing. For more information, visit our website at www.revenue.wi.gov/eserv/webased.html or www.revenue.wi.gov/eserv/offshelf.html.

When to File/Extension of Time to File

Your return is due April 15, 2009.

If you cannot file on time, you can get an extension. You may use any federal extension provision for Wisconsin, even if you are filing your federal return by April 15.

How to get an extension You do *not* need to submit a request for an extension to the department prior to the time you file your Wisconsin return. When you file your Form 1 enclose either:

- a copy of your federal extension application (for example, Form 4868) or
- a statement indicating which federal extension provision you want to apply for Wisconsin (for example, the federal automatic 6-month extension provision).

Note You will owe interest on any tax that you have not paid by April 15, 2009. This applies even though you may have an extension of time to file. If you do not file your return by

April 15, 2009, or during an extension period, you are subject to additional interest and penalties. If you expect to owe tax with your return, you can avoid the 1% per month interest charge during the extension period by paying the tax by April 15, 2009. Submit the payment with a 2008 Wisconsin Form 1-ES. You can get this form from our website at www.revenue.wi.gov or at any Department of Revenue office. (**Exception** You will not be charged interest during an extension period if (1) you served in support of Operation Iraqi Freedom in the United States, or (2) you qualify for a federal extension because of service in a combat zone. See Special Conditions below.)

If you were a farmer or fisher and you did not make estimated tax payments, you must file your return and pay any tax due by March 2, 2009, to avoid paying interest for underpayment of estimated tax. Farmers and fishers are individuals who earn at least two-thirds of their gross income (gross income of both spouses if married filing a joint return) from farming or fishing.

Special Conditions A “Special Conditions” section is located to the right of the Filing Status section on page 1 of Form 1. If you have an extension of time to file due to service in support of Operation Iraqi Freedom in the United States, fill in “01” in the Special Conditions box. If you qualify for an extension because of service in a combat zone, fill in “02” in the box. If you qualify for an extension because of a presidentially-declared disaster, fill in “03” in the box and indicate the specific disaster on the line provided.

Tax Help or Additional Forms

You can get tax help, forms, or publications at any of the following Department of Revenue offices:

(**Note** Do not mail your completed return to any of the addresses listed below. Completed returns should be mailed to the address shown on the return.)

Madison –

Customer assistance:

2135 Rimrock Rd.
Mail Stop 5-77
PO Box 8949
(zip code 53708-8949)
phone: (608) 266-2772
e-mail: income@revenue.wi.gov

Forms requests:

Mail Stop 5-77
PO Box 8949
(zip code 53708-8949)
phone: (608) 266-1961
website: www.revenue.wi.gov

Milwaukee –

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

Appleton –

265 W. Northland Ave.
(zip code 54911-2091)
phone: (920) 832-2727

Eau Claire –

State Office Bldg., 718 W. Clairemont Ave.
(zip code 54701-6190)
phone: (715) 836-2811

Other offices open on a limited schedule (generally Mondays) are: Fond du Lac, Green Bay, Hudson, Janesville, Oshkosh, Rhinelander, Superior, Waukesha, Wausau, and Wisconsin Rapids.

Internet Address You can access the department’s website 24 hours a day, seven days a week, at www.revenue.wi.gov. From this website, you can:

- Complete electronic forms and submit them for free
- Download forms, schedules, instructions, and publications
- View answers to frequently asked questions
- E-mail us comments or request help
- File your return electronically

TTY Equipment Telephone help is available using TTY equipment. Call (608) 267-1049 in Madison or (414) 227-4147 in Milwaukee. These numbers are to be used only when calling with TTY equipment.

Informational Publications Available

Following is a list of some of the department publications. These publications give detailed information on specific areas of Wisconsin tax law. You can get these publications from any department office or from our Internet website.

Number and Title

- 102 Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders
- 103 Reporting Capital Gains and Losses for Wisconsin
- 104 Wisconsin Taxation of Military Personnel
- 106 Wisconsin Tax Information for Retirees
- 109 Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2008
- 111 How to Get a Private Letter Ruling From the Wisconsin Department of Revenue

- 113 Federal and Wisconsin Income Tax Reporting Under the Marital Property Act
- 114 Wisconsin Taxpayer Bill of Rights
- 117 Guide to Wisconsin Information Returns
- 120 Net Operating Losses for Individuals, Estates, and Trusts
- 121 Reciprocity
- 122 Tax Information for Part-Year Residents and Nonresidents
- 125 Credit for Tax Paid to Another State
- 126 How Your Retirement Benefits Are Taxed
- 205 Do You Owe Wisconsin Use Tax?
- 400 Wisconsin's Recycling Surcharge
- 405 Wisconsin Taxation of Native Americans
- 503 Wisconsin Farmland Preservation Credit
- 600 Wisconsin Taxation of Lottery Winnings
- 601 Wisconsin Taxation of Pari-Mutuel Wager Winnings

Questions About Refunds –

Call: (608) 266-8100 in Madison *or*

**1-866-WIS-RFND (1-866-947-7363)
toll-free within the U.S. or Canada**

Visit our Website at: www.revenue.wi.gov.

If you need to contact us about your refund, please wait at least 10 weeks after filing your Form 1. Refund information may not be available until that time.

You may call one of the numbers indicated above or write to: Department of Revenue, Mail Stop 5-77, PO Box 8949, Madison WI 53708-8949. If you call, you will need your social security number and the dollar amount of your refund.

An automated response is available 24 hours a day, 7 days a week, when you call one of the numbers listed above. If you need to speak with a person, assistance is available Monday through Friday from 7:45 a.m. to 4:15 p.m. by calling (608) 266-2772 in Madison or (414) 227-4000 in Milwaukee (long-distance charges, if applicable, will apply).

You may also get information on your refund using our secure Internet website at www.revenue.wi.gov.

Nine Steps To Filing Your Return

- 1 Get all of your records together** Make sure that you have all of your income and expense records so you can fill in your return correctly. This includes wage statements and interest and dividend statements.
- 2 Decide if you will e-file or paper-file your return** See “E-Filing” on page 5 for the benefits of e-filing. If you decide to e-file, follow the instructions provided in the software you use. If you decide to paper-file, continue with Steps 3 through 9 below.
- 3 Fill in your federal return** Before completing Wisconsin Form 1, first fill in your federal return and its supporting schedules. If you are not required to file a federal return, list the sources and amounts of your income and your deductions on a separate sheet.
- 4 Fill in your Wisconsin return** Follow the line instructions as you fill in your return.
- 5 Sign your Wisconsin return** A joint return must be signed by both spouses.
- 6 Check over your Wisconsin return** Check the following items on your return carefully. Your Form 1 may be returned to you or its processing delayed for:
 - missing wage statements,
 - missing signature,
 - missing copy of your federal return (a copy of your federal return must be enclosed with your Wisconsin return),
 - incomplete renter's or homeowner's information (if school property tax credit claimed),
 - incomplete schedules for the itemized deduction and married couple credits (if credit claimed), or
 - missing list of sources and amounts of income if not required to file a federal return.
- 7 Assemble your return** See page 34 for information on how to assemble your return. Do **not** staple your return. Stapling your return may delay processing.
- 8 Mail your return** Mail your return and all required enclosures to the appropriate address listed on page 35 under “Where to File.” Be sure to put sufficient postage on the envelope.
- 9 Keep a copy of your return.**

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

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

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

■ **Period Covered** File your 2008 return for calendar year 2008 and fiscal years that begin in 2008. For a fiscal year, a 52-53 week period, or a short-period return, fill in the taxable year beginning and ending dates in the taxable year space at the top of the form. If your return is for a fiscal year, a 52-53 week period, or a short-period, also fill in “11” in the Special Conditions box located to the right of the Filing Status section on page 1 of Form 1.

■ **Social Security Number** Fill in your social security number. You must also fill in your spouse’s social security number if you are married filing a joint return or married filing a separate return.

■ **Name and Address** Print or type your legal name and address. If you are married filing a joint return, fill in your spouse’s legal name (even if your spouse did not have any income). If you filed a joint return for 2007 and you are filing a joint return for 2008 with the same spouse, be sure to enter your names and social security numbers in the same order as on your 2007 return.

Fill in your PO Box number only if your post office does not deliver mail to your home.

■ **Filing Status** Check the appropriate space to indicate your filing status. More than one filing status may apply to you. If it does, choose the one that will give you the lowest tax.

Note If you became divorced during 2008 or are married and will file a separate return (including a married person filing as head of household), you should get Publication 109, *Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2008*, for information on what income you must report.

Single You may check “single” if **any** of the following was true on December 31, 2008:

- You were never married.
- You were legally separated under a **final** decree of divorce or separate maintenance.
- You were widowed before January 1, 2008, and did not remarry in 2008.

Married filing joint return Most married couples will pay less tax if they file a joint return. You may check “married filing joint return” if **any** of the following is true:

- You were married as of December 31, 2008.
- Your spouse died in 2008 and you did not remarry in 2008.
- You were married at the end of 2008, and your spouse died in 2009 before filing a 2008 return.

A marriage means only a legal union between a man and a woman as husband and wife.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both spouses must sign the return. If you file a joint return, you may not, after the due date for filing that return, amend it to file as married filing separately. A joint return cannot be filed if you and your spouse have different tax years.

If you file a joint return, both you and your spouse are responsible for any tax due on the return. This means that if one spouse does not pay the tax due, the other may have to.

Married filing separate return If you file separate returns, you will usually pay more state tax than if you file a joint return. Your tax may be higher on separate returns because:

- You cannot take the married couple credit.
- If you lived with your spouse at any time in 2008, a greater amount of any unemployment compensation that you received may be taxable.
- You will not qualify for the disability income exclusion.
- You will not qualify for the earned income credit.

Head of household If you qualify to file your federal return as head of household, you may also file as head of household for Wisconsin. Unmarried individuals who paid over half the cost of keeping up a home for a qualifying person (such as a child) can use this filing status. Certain married persons who lived apart from their spouse for the last 6 months of 2008 who paid over half the cost of keeping up a home that was the main home of their child, stepchild, or foster child for more than half of 2008 may be able to use this status.

Note If you are married and qualify to file as head of household, be sure to check both “head of household” filing status and “married” on the same line next to the arrow.

If you do not have to file a federal return, contact any Department of Revenue office to see if you qualify. If you file your federal return as a qualifying widow(er), you may file your Wisconsin return as head of household.

■ **State Election Campaign Fund** You may designate \$1 to this fund. If you are married, your spouse may also designate \$1 to this fund. Designating an amount will neither change your tax nor reduce your refund.

■ **Tax District** Check either city, village, or town and fill in the name of the Wisconsin city, village, or town in which you lived on December 31, 2008. Also fill in the name of the county in which you lived.

■ **School District Number** See the list of school district numbers on page 37. Fill in the number of the school district in which you lived on December 31, 2008.

Note

■ **Special Conditions** Certain persons have to enter information in the Special Conditions section. For information on when to use the Special Conditions section, see:

- Special Conditions under When to File/Extension of Time to File, page 6.
- Period Covered, page 8.
- Interest and Rental Expenses Paid to Related Entities, page 20.
- Death of a Taxpayer, page 36.
- Instructions for enclosing a divorce decree or injured spouse form, page 35.

If more than one special condition applies, fill in “99” in the Special Conditions box.

Note

■ **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. 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. If completing the form by hand, **DO NOT USE COMMAS** when filling in amounts.

■ Line 1 Federal Adjusted Gross Income

Fill in your federal adjusted gross income from:

- line 37 of your federal Form 1040,
- line 21 of federal Form 1040A, or
- line 4 of federal Form 1040EZ.

Exception The federal adjusted gross income that you fill in on line 1 may not be the same as the amount reported as adjusted gross income on your federal Form 1040. Differences may occur because Wisconsin generally uses the provisions of federal law amended to December 31, 2006. Laws enacted after December 31, 2006, may not be used for Wisconsin.

A comprehensive list of provisions of federal law that may not be used for Wisconsin for 2008 can be found in the instructions for Wisconsin Schedule I. Following is a partial list of the items that may affect the largest number of taxpayers.

- Educator expenses.
- Tuition and fees deduction.
- Increase in sec. 179 expensing.
- Deduction for health savings accounts and related items.
- Exclusion for 50% of the gain from the sale or exchange of qualified small business stock.

Line 1 instructions – continued

If any provision of federal law which does not apply for Wisconsin purposes affects your federal adjusted gross income, you must complete Wisconsin Schedule I and enclose it with your Form 1. The amount you fill in on line 1 of Form 1 (and amounts filled in on Schedule I on page 4 of Form 1) should be the revised amount determined on Schedule I. See page 6 for how to get Schedule I.

If Schedule I adjustments in a prior year affect income or expense items in 2008 (e.g., the special 30% or 50% bonus depreciation could not be claimed for Wisconsin purposes), you must also make adjustments on Schedule I for 2008.

You may also be required to complete Schedule I if you sold assets during 2008, and the gain or loss from the sale is different for Wisconsin and federal purposes due to Schedule I adjustments made in a prior year. This would occur, for example, if different rates of depreciation were allowed for Wisconsin and federal purposes. See the instructions for Schedule I for more information.

■ Line 2 State and Municipal Interest

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

Exception If you received interest income which is exempt for state and federal tax purposes, do not include this interest income on line 2. Interest income which is exempt for federal and Wisconsin tax purposes includes interest from:

- (1) public housing authority or community development authority bonds issued by municipalities located in Wisconsin,
- (2) Wisconsin Housing Finance Authority bonds,
- (3) Wisconsin municipal redevelopment authority bonds,
- (4) Wisconsin higher education bonds,
- (5) Wisconsin Housing and Economic Development Authority bonds issued on or after December 11, 2003, to fund multifamily affordable housing or elderly housing projects,
- (6) Wisconsin Housing and Economic Development Authority bonds issued before January 29, 1987, except business development revenue bonds, economic development revenue bonds, and CHAP housing revenue bonds,
- (7) public housing agency bonds issued before January 29, 1987, by agencies located outside Wisconsin where the interest therefrom qualifies for exemption from federal taxation for a reason other than or in addition to section 103 of the IRC,
- (8) local exposition district bonds,
- (9) Wisconsin professional baseball park district bonds,
- (10) bonds issued by the Government of Puerto Rico, Guam, the Virgin Islands or, for bonds issued after October 16, 2004, the Government of American Samoa,

Line 2 instructions – continued

- (11) local cultural arts district bonds,
- (12) Wisconsin professional football stadium bonds, and
- (13) Wisconsin Aerospace Authority bonds.

Interest from these sources is exempt from Wisconsin income tax whether received by a direct owner of these securities or by a shareholder in a mutual fund which invests in these securities.

Line 3 Capital Gain / Loss Addition

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

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

Note If the only amount reported on line 13 of Form 1040 (line 10 of Form 1040A) is a capital gain distribution from a mutual fund or real estate investment trust and you have no Wisconsin capital loss carryover, do not complete line 3. See line 10 instructions.

Line 4 Other Additions

Note Fill in the code number and amount of any of the additions described below that apply to you. The code number is printed to the left of the various additions. For example, if you are making an addition for a federal net operating loss carryover, you would fill in the numbers 02 in the code number space , and fill in the amount of your federal net operating loss carryover on the line next to the code number space. Also, fill in the total of all your additions on line 4.

Note See Additions To or Subtractions From Income on page 20 for information on other items which may have to be included on line 4.

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

To be “actively engaged in farming” with respect to a farming operation, you must make a significant contribution of (1) capital, equipment, or land, or a combination of capital, equipment, or land; and (2) active personal labor or active personal management, or a combination of both.

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

- The type of crops and livestock produced;
- The normal and customary farming practices of the area; and

Line 4 instructions – continued

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

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

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

To figure your combined net losses from farming operations, add together any losses you have from farming operations in which you were not actively engaged (for example, these could be losses from a farm partnership or tax-option (S) corporation). Do not reduce these losses by any net farm gains. If the total of these losses is more than the maximum allowable loss shown in the tables below, include the excess on line 4.

Example A single taxpayer reports a loss of \$25,000 on Schedule E from a farm partnership (the taxpayer is not actively engaged in this farming operation), and a profit of \$5,000 from the rental of farmland. The taxpayer’s nonfarm Wisconsin adjusted gross income is \$60,000. Therefore, only \$20,000 of the \$25,000 farm loss may be deducted. The taxpayer must fill in code 01 and \$5,000 in the space provided on line 4.

Farm Loss Limits – Single persons and married persons filing joint return		
Nonfarm Wisconsin Adjusted Gross Income		Maximum Allowable Loss
More Than	But Not More Than	
\$ 0	\$ 55,000	Full Amount
55,000	75,000	\$20,000
75,000	100,000	17,500
100,000	150,000	15,000
150,000	200,000	12,500
200,000	250,000	10,000
250,000	300,000	7,500
300,000	600,000	5,000
600,000		No Loss

Farm Loss Limits – Married persons filing separate returns (including married filing as head of household)		
Nonfarm Wisconsin Adjusted Gross Income		Maximum Allowable Loss
More Than	But Not More Than	
\$ 0	\$ 27,500	Full Amount
27,500	37,500	\$10,000
37,500	50,000	8,750
50,000	75,000	7,500
75,000	100,000	6,250
100,000	125,000	5,000
125,000	150,000	3,750
150,000	300,000	2,500
300,000		No Loss

Line 4 instructions – continued

02 Federal Net Operating Loss Carryover Fill in any amount deducted as a federal net operating loss carryover. (See the instructions for line 11, Item 10, for information about the Wisconsin net operating loss carryforward.)

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

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

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

04 Farmland Preservation Credit and Farmland Tax Relief Credit The total amount of farmland preservation credit and farmland tax relief credit you received during 2008 must be reported as income. Fill in as an addition any portion of your farmland preservation credit and farmland tax relief credit which was not included as income on your federal tax return.

05 Development Zones Credit and Technology Zone Credit Fill in the amount of your development zones credit from Wisconsin Schedule DC and your technology zone credit from Schedule TC that you computed for 2008. The amount of your credit is income and must be reported on your Wisconsin Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. These will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

06 Excess Distribution From a Passive Foreign Investment Company Fill in the excess distribution from a passive foreign investment company that was not included in federal adjusted gross income (see federal Form 8621).

07 Enterprise Zone Jobs Credit Fill in the amount of enterprise zone jobs credit you computed for 2008. The amount of your credit is income and must be reported on Form 1. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. This will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

Line 4 instructions – continued

08 Dairy and Livestock Farm Investment Credit Fill in the amount of dairy and livestock farm investment credit you computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. This will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

09 Dairy Manufacturing Facility Investment Credit Fill in the amount of dairy manufacturing facility investment credit you computed for 2008. The amount of your credit is income and must be reported on Form 1. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. This will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

10 Internet Equipment Credit Fill in the amount of Internet equipment credit you computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. This will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

11 Film Production Company Investment Credit Fill in the amount of film production company investment credit computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. These will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

12 Film Production Services Credit Fill in the amount of film production services credit computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. These will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

13 Manufacturing Investment Credit Fill in the amount of manufacturing investment credit computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (**Note** Do not include on line 4 any credit passed through to you from

Line 4 instructions – continued

a partnership, limited liability company, or tax-option (S) corporation. These will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

14 Ethanol and Biodiesel Fuel Pump Credit Fill in the amount of ethanol and biodiesel fuel pump credit computed for 2008. The amount of your credit is income and must be reported on Form 1. This is true even if you cannot take the full credit this year and must carry part of it forward. (Note Do not include on line 4 any credit passed through to you from a partnership, limited liability company, or tax-option (S) corporation. These will be accounted for when you make the adjustment described in Items 51 and 52 on page 20.)

15 Interest and Rental Expenses Paid to Related Entities Fill in the amount deducted or excluded from your federal income for interest and rental expenses paid, accrued, or incurred to a related entity (person or business entity). *You must make this addition even though you may be eligible for a deduction for these expenses.* If you are eligible for a deduction, you may then make a subtraction for the amount that qualifies (see Item 21 on page 20).

16 Amounts Not Deductible for Wisconsin Fill in any amount deducted in computing your federal adjusted gross income that is not allowed as a deduction for Wisconsin.

Example You deducted a passive activity loss on your federal return for losses incurred when you were a resident of another state. The passive activity losses were not allocable to Wisconsin. The passive activity losses are not deductible for Wisconsin and must be included on line 4.

Line 6 State Income Tax Refund

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

Line 7 United States Government Interest

Fill in the amount of interest on U.S. bonds and interest and dividends of certain U.S. government corporations that is included on line 1 of Form 1. This income is not taxable.

A mutual fund may invest in U.S. government securities. If it does, a portion or all of its ordinary dividend may not be taxable by Wisconsin. If a mutual fund advised you that all or a portion of its ordinary dividend is from investments in U.S. government securities, include that portion on line 7.

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

Line 8 Unemployment Compensation

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

Unemployment Compensation Worksheet

Check only one box.

- A. Married filing a joint return – write \$18,000 on line 3 below.
- B. Married not filing a joint return and lived with your spouse at any time during the year – write -0- on line 3 below.
- C. Married not filing a joint return and DID NOT live with your spouse at any time during the year – write \$12,000 on line 3 below.
- D. Single – write \$12,000 on line 3 below.

1. Fill in unemployment compensation from line 19 of federal Form 1040 (line 13 of Form 1040A, or line 3 of Form 1040EZ) 1. _____
2. Fill in your federal adjusted gross income from line 1 of Form 1 2. _____
3. Fill in –
 - \$18,000 if you checked box A; **or**
 - -0- if you checked box B; **or**
 - \$12,000 if you checked box C or D .. 3. _____
4. Fill in taxable social security benefits, if any, from line 20b of federal Form 1040 (line 14b of Form 1040A) 4. _____
5. Fill in taxable refunds, credits, or offsets, if any, from line 10 of federal Form 1040 5. _____
6. Add lines 3, 4, and 5 6. _____
7. Subtract line 6 from line 2. If zero or less, fill in -0- here and on line 9 of this worksheet and do not complete line 8. Otherwise, go on to line 8..... 7. _____
8. Fill in one-half of the amount on line 7 8. _____
9. Fill in the smaller amount of line 1 or line 8..... 9. _____
10. Subtract line 9 from line 1. Fill in this amount on line 8 of Form 1 as your subtraction for unemployment compensation. If lines 1 and 9 are equal, fill in -0- 10. _____

Line 9 Social Security Adjustment

Social security benefits are not taxable for Wisconsin. You may subtract any social security benefits that were taxable on your federal return. Fill in on line 9 the amount from line 20b of federal Form 1040 or line 14b of Form 1040A.

Line 11 instructions – continued

Line 10 Capital Gain / Loss Subtraction

If your federal adjusted gross income includes capital gains and/or losses (see line 13, Form 1040 or line 10, Form 1040A), you must complete Schedule WD. You must also complete Schedule WD if your federal adjusted gross income does not include capital gains and/or losses, but you have a capital loss carryover for Wisconsin tax purposes.

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

All amounts must be filled in on line 10 as positive numbers.

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

Line 11 Other Subtractions

Note Fill in the code number and amount of any of the subtractions described below that apply to you. The code number is printed to the left of the various subtractions. For example, if you are claiming a subtraction for tuition expenses, you would fill in the numbers 03 in the code number space , and fill in the amount of your subtraction for tuition expenses on the line next to the code number space. Also, fill in the total of all your subtractions on line 11.

Note See Additions To or Subtractions From Income on page 20 for information on other items which may have to be included on line 11.

01 Medical Care Insurance You may be able to subtract all or a portion of the cost of your medical care insurance.

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

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

- Medical care insurance if you elected to pay these premiums with tax-free distributions from a retirement plan. In this case, the premiums would have been paid directly to the insurance provider by the retirement plan.

CAUTION Do not include insurance premiums paid by an employer unless the premiums are included as wages in box 1 of your Form W-2. Premiums that are deducted pre-tax are not included in box 1 of your Form W-2.

If you participate in your employer’s fringe benefit cafeteria plan and agree to a voluntary salary reduction in return for a medical care insurance benefit, you may not consider the amount of your salary reduction an amount you paid for medical care insurance. You cannot subtract premiums paid with money that has not been included in your gross income. Such programs may be known as, for example, flexible spending accounts, employee reimbursement accounts, etc.

Note If you are receiving social security benefits, the amount paid for medical care insurance includes the amount deducted from your monthly benefit for Medicare insurance (for example, Parts B and D).

If you are self-employed, complete Worksheet 1. (Note If you are self-employed and deducted 100% of your medical care insurance cost on line 29 of your federal Form 1040 as a self-employed health insurance deduction, do not complete Worksheet 1 or 2. No additional deduction is allowed.)

Worksheet 1 – Self-Employed Persons	
1. Amount you paid for medical care insurance in 2008 while you were self-employed	1. _____
2. Self-employed health insurance deduction from line 29 of federal Form 1040*	2. _____
3. Amount of medical care insurance deducted on federal Schedule C or F for your employee spouse	3. _____
4. Add lines 2 and 3	4. _____
5. Subtract line 4 from line 1.	5. _____
6. Net earnings from a trade or business**	6. _____
7. Fill in the smaller of line 5 or 6 here and on line 11 of Form 1. This is your subtraction for medical care insurance	7. _____
* Do not include any amounts deducted for long-term care insurance.	
** Net earnings from a trade or business means income from self-employment, including ordinary income from a trade or business as reported on Form 4797, line 18b, and less the deduction for one-half of self-employment tax. The total earnings from a trade or business of both spouses are included. Do not include losses from a trade or business.	

Employees and persons who had no employer and were not self-employed, complete Worksheet 2 on page 14.

Line 11 instructions – continued

Line 11 instructions – continued

Worksheet 2 – Others

1. Amount you paid in 2008 for medical care insurance during a period in which you had no employer and were not self-employed 1. _____
2. Multiply line 1 by .667 (66.7%) and fill in result 2. _____
3. Amount you paid in 2008 for medical care insurance during a period in which you were employed and your employer paid a portion of the cost of your insurance 3. _____
4. Multiply line 3 by .10 (10%) 4. _____
5. Amount you paid in 2008 for medical care insurance during a period in which you were an employee and your employer did not contribute toward the cost of your insurance 5. _____
6. Add lines 2, 4, and 5 6. _____
7. Total taxable wages, salaries, tips, unearned income, and net earnings from a trade or business (for both spouses if married filing jointly) 7. _____
8. Fill in the smaller of line 6 or 7. This is your subtraction for medical care insurance 8. _____

Note If you were employed for only part of the year or worked part-time, you may have to prorate the medical care insurance on the basis of number of weeks worked during the year to total weeks (52) in the year. Any time you worked one or more days during a week, you will be considered to have worked one week.

Example You were retired for all of 2008. However, you had a part-time job and worked one day per month during the year. Therefore, you are considered to have worked 12 weeks during the year. Your employer did not pay any portion of your health insurance. You paid \$8,000 for health insurance during the year. You may claim \$1,840 as an amount paid for medical care insurance while you were an employee whose employer did not contribute toward the cost of your insurance computed as follows:

$$\frac{12 \text{ (weeks worked)}}{52 \text{ (weeks in a year)}} = .23 \times \$8,000 = \$1,840$$

You should fill in \$1,840 on line 5 of Worksheet 2. The balance of \$6,160 (\$8,000 - \$1,840) should be filled in on line 1 of Worksheet 2 as the amount paid during a period in which you had no employer and were not self-employed.

02 Long-Term Care Insurance If you paid long-term care insurance costs during 2008, you may be able to subtract all or a portion of the cost of a long-term care insurance policy which covers you or your spouse.

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

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

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

Do not include premiums for long-term care insurance if you elected to pay those premiums with tax-free distributions from a retirement plan. In this case, the premiums would have been made directly to the insurance provider by the retirement plan.

If you paid long-term care insurance costs during 2008 for a policy which covers you or your spouse, complete the worksheet below to determine your subtraction.

Worksheet – Long-Term Care Insurance

1. Amount paid for long-term care insurance in 2008 1. _____
2. Portion of long-term care insurance cost included as a self-employed health insurance deduction on line 29 of federal Form 1040. 2. _____
3. Portion of long-term care insurance cost deducted on federal Schedule C or F for your employee spouse 3. _____
4. Add lines 2 and 3 4. _____
5. Subtract line 4 from line 1. 5. _____
6. Fill in total taxable wages, taxable unearned income (e.g., interest, dividends, capital gains, pensions), and net earnings from a trade or business* (include both spouse’s income if married filing a joint return) 6. _____
7. Fill in the smaller of line 5 or 6. This is your subtraction for long-term care insurance 7. _____

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

Line 11 instructions – continued

03 Tuition and Fee Expenses You may be able to claim a subtraction for up to \$5,114 (per student) of the amount you paid during 2008 for tuition and mandatory student fees for you, your spouse (if married filing a joint return), and children whom you claim as dependents on your federal income tax return.

CAUTION If you claimed the tuition and fees deduction on your federal return, be sure you have completed Wisconsin Schedule I.

The tuition and mandatory student fees must have been paid during 2008 to attend any of the following:

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

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

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

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

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

CAUTION The subtraction only applies to tuition and mandatory student fees. Amounts paid as separate charges for other items such as room and board, athletic tickets, or other costs may not be subtracted.

Line 11 instructions – continued

You cannot claim a subtraction for tuition and fees paid with certain tax-free funds. For example, you cannot claim a subtraction for tuition paid with tax-free scholarships or Pell grants or for amounts paid or reimbursed to you by your employer. You can subtract tuition and fees paid from loans, gifts, inheritances, and personal savings.

You cannot claim the subtraction if the source of the payment is an amount withdrawn from a Wisconsin state-sponsored college savings program or college tuition and expenses program (for example, EdVest or “tomorrow’s scholar”). This limitation applies only if the owner of the account previously claimed a subtraction for contributions to these programs.

The subtraction is limited if your federal adjusted gross income exceeds certain amounts. Your federal adjusted gross income is the amount on line 1 of Form 1.

Determine your tuition and mandatory student fees subtraction as follows:

Single or Head of Household

- If line 1 of Form 1 is \$50,000 or less, you may subtract the amount paid for tuition and mandatory student fees during 2008, but not more than \$5,114 per student.* Fill in the amount of your subtraction on line 11.
- If line 1 of Form 1 is more than \$50,000 but less than \$60,000, use the worksheet on page 16 to figure the amount of your subtraction.
- If line 1 of Form 1 is \$60,000 or more, you may not subtract any amount for tuition and fee expenses.

Married Filing Joint Return

- If line 1 of Form 1 is \$80,000 or less, you may subtract the amount paid for tuition and mandatory student fees during 2008, but not more than \$5,114 per student.* Fill in the amount of your subtraction on line 11.
- If line 1 of Form 1 is more than \$80,000 but less than \$100,000, use the worksheet on page 16 to figure the amount of your subtraction.
- If line 1 of Form 1 is \$100,000 or more, you may not subtract any amount for tuition and fee expenses.

Married Filing Separate Return

- If line 1 of Form 1 is \$40,000 or less, you may subtract the amount paid for tuition and mandatory student fees during 2008, but not more than \$5,114 per student.* Fill in the amount of your subtraction on line 11.
- If line 1 of Form 1 is more than \$40,000 but less than \$50,000, use the worksheet on page 16 to figure the amount of your subtraction.
- If line 1 of Form 1 is \$50,000 or more, you may not subtract any amount for tuition and fee expenses.

Line 11 instructions – continued

Line 11 instructions – continued

Tuition Expense Worksheet

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

1. Amount paid for tuition and mandatory student fees in 2008. Do not fill in more than \$5,114 per student.1. _____
2. Fill in the amount from line 1 of Form 12. _____
3. Fill in \$50,000 (\$80,000 if married filing joint return or \$40,000 if married filing separate return)3. _____
4. Subtract line 3 from line 24. _____
5. Divide the amount on line 4 by 10,000 (20,000 if married filing joint return). Fill in decimal amount.5. _____
6. Multiply line 1 by the decimal amount on line 56. _____
7. Subtract line 6 from line 1. This is your subtraction for tuition and fee expense*7. _____

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

04 Military and Uniformed Services Retirement Benefits

You may subtract retirement payments received from:

- (1) The U.S. military retirement system (including payments from the Retired Serviceman’s Family Protection Plan), and
- (2) The U.S. government that relate to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, or the commissioned corps of the Public Health Service.

Your subtraction cannot be more than the amount of such retirement payments that you included in your federal income.

05 Local and State Retirement Benefits You may subtract any payments received from the retirement systems listed at the top of the next column provided:

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

Your subtraction cannot be more than the amount of such payments that you included in your federal income.

The specific retirement systems are:

Milwaukee City Employees, Milwaukee City Police Officers, Milwaukee Fire Fighters, Milwaukee Public School Teachers, Milwaukee County Employees, Milwaukee Sheriff, and Wisconsin State Teachers retirement systems.

Note Do not subtract any of the following:

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

CAUTION Your retirement benefits may be subtracted only if they are based on qualified membership in one of the retirement systems listed above. Qualified membership is membership that began before January 1964 as explained in the previous column. Any portion of your retirement benefit that is based on membership in other retirement systems (or based on employment that began after December 31, 1963) is taxable and may not be subtracted.

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

Example 2 You were employed as a teacher from 1960-65. During that time you were a member of the Wisconsin State Teachers Retirement System. From 1966 until retirement, you were employed by a state agency (not as a teacher). You were then a member of the Wisconsin Retirement System. You receive an annuity from the Department of Employee Trust Funds. The annuity is based on employment in both retirement systems. Only the portion of the annuity that is due to the Wisconsin State Teachers Retirement System may be subtracted. You may use the following formula to figure the exempt amount that may be subtracted:

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

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

Line 11 instructions – continued

06 Federal Retirement Benefits You may subtract payments received from a federal retirement system provided:

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

See “**05 Local and State Retirement Benefits**” on page 16 for further information. The limitations and examples that apply to local and state retirement benefits also apply to federal retirement benefits.

A “federal retirement system” is a United States government civilian employee retirement system. Examples of such retirement systems include the Civil Service Retirement System and the Federal Employees’ Retirement System. Payments from the federal Thrift Savings Plan do not qualify for the subtraction.

07 Railroad Retirement Benefits, Railroad Unemployment Insurance, and Sickness Benefits Wisconsin does not tax amounts received from the U.S. Railroad Retirement Board. You may subtract railroad retirement benefits included on line 16b of your federal Form 1040 (line 12b of Form 1040A).

08 Adoption Expenses If you adopted a child for whom a final order of adoption was entered by a Wisconsin court during 2008, you may subtract up to \$5,000 of the amount you paid for adoption fees, court costs, and legal fees relating to the adoption. You may include amounts paid during 2006, 2007, and 2008. Don’t count amounts reimbursed under any adoption assistance program. If you adopt more than one child during the year, you may deduct up to \$5,000 of adoption expenses for each child.

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

Example You claimed an itemized deduction on your 2007 federal tax return for a casualty loss of \$2,000. You could not claim the casualty loss for the itemized deduction credit on your 2007 Wisconsin income tax return. During 2008 you received a reimbursement of \$1,000 from your insurance company for part of the casualty loss. The \$1,000 reimbursement is included on your 2008 federal tax return as a recovery of an amount previously claimed as an itemized deduction. Because you did not claim the casualty loss for the itemized deduction credit for Wisconsin for 2007, the \$1,000 is not taxable to Wisconsin for 2008. Fill in the \$1,000 recovery on line 11.

Line 11 instructions – continued

10 Wisconsin Net Operating Loss Carryforward If you had a net operating loss (NOL) in an earlier year to carry forward to 2008, include the allowable amount on line 11. Enclose a statement showing how you figured the amount. Get Publication 120, *Net Operating Losses for Individuals, Estates, and Trusts*, for more details on computing the NOL and the allowable deduction. See page 6 for information on how to get this publication.

11 Native Americans Certain income (for example, wages) earned by a Native American who both lives and works on his or her tribal reservation is not subject to Wisconsin income tax and may be subtracted. See Publication 405, *Wisconsin Taxation of Native Americans*, for more information.

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

Example Wisconsin doesn’t tax certain relocation assistance payments received by persons displaced by condemnation, subject to the conditions in sec. 32.19 of the Wisconsin Statutes.

13 Farm Loss Carryover If you were subject to farm loss limitations (see instructions for line 4, Item 01 for a description) on your 1993 or subsequent year Wisconsin income tax return, you may be able to claim a subtraction for all or a portion of the farm loss disallowed in those years. Farm losses disallowed as a deduction may be carried forward for 15 years to the extent that the farm losses are not offset against farm income of any year between the loss year and the year for which the carryover is claimed. The amount of carryover that can be subtracted is the lesser of (1) the farm loss carryover or (2) the net profits and net gains from the sale or exchange of capital or business assets in the current year from the same farming business or portion of that business to which the limits on deductible farm losses applied in the loss year.

Example You have a farm loss carryover from 2007 of \$30,000. For 2008 you report a net loss of \$2,000 on Schedule F and a net gain of \$6,000 from the sale of farm equipment on Form 4797. The gain and loss are from the same farming business to which the limitation applied in the loss year. You may subtract \$6,000 as a farm loss carryover on line 11.

14 Contributions to a Wisconsin State-Sponsored College Savings Program You may be able to subtract the amount you contributed to a Wisconsin state-sponsored college savings account (for example, EdVest or “tomorrow’s scholar”).

Line 11 instructions – continued

The beneficiary of the account must be either you, your spouse (if married filing joint return), your child who is claimed as a dependent on your federal income tax return, your grandchild, great-grandchild, niece, or nephew. The subtraction is equal to the amount you contributed to the account during 2008, but not more than \$3,000 per beneficiary. In the case of a married couple filing a joint return, the total deduction per beneficiary by the married couple may not exceed \$3,000 each year.

For example, you have two children whom you claim as dependents on your federal return. You established EdVest accounts for each child. In 2008, you contributed \$3,000 to the account of each child. You may claim a subtraction of \$6,000.

Limitation Your subtraction may not be more than the total of your wages, salaries, tips, unearned income, and net earnings from a trade or business. If you are married and filing a joint return, the limitation is based on the total of both spouses' income from these sources.

15 Distributions from Wisconsin State-Sponsored College Savings and Tuition Programs If you included earnings from a qualified college savings or tuition program in your federal adjusted gross income, you may subtract that amount if either of the following applies:

1. The earnings were due to a qualified withdrawal from a Wisconsin state-sponsored college savings account (for example, EdVest or "tomorrow's scholar" college savings account).
2. The earnings were from a Wisconsin EdVest tuition unit account and you received a refund because the beneficiary completed the program in which he or she was enrolled and had not used all of the tuition units purchased; or the beneficiary was awarded a scholarship, tuition waiver, or similar subsidy that could not be converted to cash.

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

- You did not reach mandatory retirement age before January 1, 2008.
- You were under age 65 on December 31, 2008.
- You were permanently and totally disabled –
 - a. when you retired, or
 - b. on January 1, 1976, or January 1, 1977, if you retired before January 1, 1977, on disability or under circumstances which entitled you to retire on disability.
- If you were married at the end of 2008, you must file a joint return.

Line 11 instructions – continued

- You did not in any year prior to 1984 choose to treat your disability income as a pension instead of taking the exclusion.
- Your federal adjusted gross income is less than \$20,200 (\$25,400 if married and both spouses are eligible).

Compute your exclusion on Wisconsin Schedule 2440W, *Disability Income Exclusion*. Enclose Schedule 2440W with your Form 1. See page 6 for information on how to get this form.

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

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

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

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

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

Business Assets "Business assets" are assets used in an activity carried on for a livelihood or in good faith to make a profit. The facts and circumstances of each case determine whether or not an activity is a business. Regularity of activities and transactions and the production of income are important elements. You do not need to actually make a profit to be in a business as long as you have a profit motive. You do need, however, to make ongoing efforts to further the interests of your business.

Line 11 instructions – continued

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

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

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

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

Line 11 instructions – continued

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

18 Repayment of Income Previously Taxed If you had to repay during 2008, an amount that you included in your Wisconsin income in an earlier year, you may be able to subtract the amount repaid. A subtraction may be claimed only for repayments that are allowed as a miscellaneous itemized deduction on line 27 or 28 of your federal Schedule A.

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

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

If the amount repaid was over \$3,000, you may be able to subtract the repayment as described above *or* take a tax credit. See the line 47 instructions.

19 Human Organ Donation If you, your spouse, or a person who is claimed as a dependent on your federal income tax return donates one or more of their human organs to another person for human organ transplantation, you may subtract up to \$10,000 of unreimbursed expenses related to the organ donation. “Human organ” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. The subtraction may be claimed only in the taxable year in which the transplantation occurs. The subtraction may be claimed only once. Up to \$10,000 of the following unreimbursed expenses may be claimed:

- Travel expenses.
- Lodging expenses.
- Lost wages.

Line 11 instructions – continued

20 Reserve or National Guard Members If you were a member of the Reserves or National Guard and served on active duty, you may subtract any military pay that is included on your W-2 and 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 the time during which you were on active duty.

CAUTION The subtraction only applies to Reserve or National Guard members called into active federal service under 10 USC 12302(a) or 10 USC 12304 or special state service under 32 USC 502(f). 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.

21 Interest and Rental Expenses Paid to Related Entities

Were you required to make an addition modification for interest or rental expenses paid to a related entity? If yes, see Schedule RT to find out if you qualify for a subtraction. Although you must meet one of the conditions in Schedule RT, Part II to qualify for a subtraction, you do not need to enclose Schedule RT with your return unless your total expenses paid, accrued, or incurred to related entities are \$100,000 or more. If enclosing Schedule RT, also fill in “16” in the Special Conditions box on page 1 of Form 1.

22 Recapture of Development Zones Investment Credit

If you will be including an amount on line 40 as recapture of development zones investment credit, you may claim a subtraction for the amount of the recapture.

23 Legislator’s Per Diem

If you were a Wisconsin legislator, you may subtract the amount of per diem reimbursement that is included as wages on line 7 of your federal Form 1040. This generally applies to a legislator with a residence 50 miles or less from the state capitol.

24 ATV Corridors

To the extent included in federal adjusted gross income, private landowners may subtract any Wisconsin incentive payments received for permitting public all-terrain vehicle corridors on their lands.

25 Interest and Rental Payments Reported as Income by a Related Entity

Did you report income from interest and rental payments made by a related entity that was not able to claim a deduction for such payments? If yes, you may claim a subtraction for the amount that the related entity was not able to deduct. This would be the amount the related entity claimed as an addition for such expenses (see instructions for line 4, Item 15) less the amount allowed as a subtraction (see instructions for line 11, Item 21).

Additions To or Subtractions From Income

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

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

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

For more information, get Publication 102, *Wisconsin Tax Treatment of Tax-Option (S) Corporations and Their Shareholders*. See page 6 for information on how to get this publication.

52 Your Share of Partnership, Limited Liability Company, Trust, or Estate Adjustments

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

53 Differences in Federal and Wisconsin Basis of Assets

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

- (1) You acquired property after December 31, 1964, which may be depreciated or amortized (such as buildings

Line 11 (line 4) instructions – continued

and leaseholds), and the federal basis is greater or less than the Wisconsin basis.

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

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

Compute the amount of any addition or subtraction due to a difference in basis on Wisconsin Schedule T, *Transitional Adjustments*. Enclose a completed Schedule T with your Form 1. See page 6 for information on how to get this form.

CAUTION If the difference in basis is due to the difference in the federal and Wisconsin definition of the Internal Revenue Code, use Schedule I to adjust for the difference in basis rather than Schedule T.

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

55 Differences in Federal and Wisconsin Reporting of Marital Property (Community) Income If you are married filing a separate return or married filing as head of household or if you obtained a decree of divorce or separate maintenance during 2008, you may have to report a different amount of income on your Wisconsin Form 1 than on your federal Form 1040. Fill in on line 4 any additional amount which is taxable to you rather than your spouse because of any difference in federal and state reporting of marital property (community) income. Fill in on line 11 any amount which is taxable to your spouse rather than to you because of any difference in federal and state reporting of marital property (community) income. For further information, get Publication 109, *Tax Information for Married Persons Filing Separate Returns and Persons Divorced in 2008*. See page 6 for information on how to get this publication.

■ **Line 15 Standard Deduction**

Most people can find their standard deduction by using the Standard Deduction Table on page 45. Use the amount on line 14 to find the standard deduction for your filing status.

But, do *not* use the table if any one of the following applies:

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

Standard Deduction Worksheet for Dependents	
1. Earned income* included in line 14 of Form 1	1. _____
2. Addition amount	2. <u>300.</u>
3. Add lines 1 and 2. If total is less than \$900, fill in \$900	3. _____
4. Using the amount on line 14 of Form 1, fill in the standard deduction for your filing status from table, page 45.	4. _____
5. Fill in the SMALLER of line 3 or 4 here and on line 15 of Form 1.	5. _____
* Earned income includes wages, salaries, tips, professional fees, and any other compensation received for personal services you performed. It does not include scholarship or fellowship income that is not reported on a W-2.	

■ **Line 17 Exemptions**

Complete lines 17a and 17b. Fill in the number of exemptions on the lines provided. Multiply that number by the amount indicated (\$700 or \$250), and fill in the result on line a or b, as appropriate. Fill in the total of the amounts on lines 17a and 17b on line 17c.

Line 17a

If you filed:

- Federal Form 1040 or 1040A, your number of exemptions is found in box 6d of your federal return.
- Federal Form 1040EZ, your number of exemptions is:
 - 0 – If you are single and you checked the “You” box on line 5 of your federal return, or if you are married filing jointly and you checked both the “You” and “Spouse” boxes on line 5 of your federal return.
 - 1 – If you are single and did not check the “You” box on line 5 of your federal return, or if you are married filing jointly and you checked only one box (either “You” or “Spouse”) on line 5 of your federal return.
 - 2 – If you are married filing jointly and did not check either box on line 5 of your federal return.

Line 17 instructions – continued

Line 17b

If you or your spouse were 65 or older, check the appropriate lines. Your number of exemptions is equal to the number of lines checked.

You may claim the \$250 exemption on line 17b for you and/or your spouse only if you and/or your spouse are 65 years of age or older and are allowed the \$700 exemption on line 17a.

Line 19 Tax

Use the amount on line 18 to find your tax in the Tax Table on pages 38-43. Find your income-level bracket and read across to the column showing your filing status to find your tax. Be sure you use the correct column in the Tax Table for your filing status. Fill in your tax on line 19.

EXCEPTION If the amount on line 18 is \$100,000 or more, use the Tax Computation Worksheet on page 44 to compute your tax.

Line 20 Itemized Deduction Credit

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

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

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

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

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

Line 21 Armed Forces Member Credit

The armed forces member credit is available to certain members of the U.S. armed forces. You may claim the credit if you meet all of the following:

- You were on active duty, and
- You received military pay from the federal government in 2008, and
- The military pay was for services performed **while stationed outside the United States**.

Note You may *not* claim the armed forces member credit if you were on active duty as a member of the Reserves or National Guard and you excluded certain military pay from your income. See Item 20 on page 20 of the instructions for information on the exclusion.

The credit is equal to the amount of military pay you received for services performed while stationed outside the United States, but not more than \$300. If you are married filing a joint return and both spouses qualify for the credit, each may claim up to \$300.



Line 22 Health Insurance Risk-Sharing Plan Assessments Credit

This credit may be claimed by a partner, member, or shareholder of a partnership, limited liability company, or tax-option corporation that is an insurer. Fill in the amount of your credit from Schedule 3K-1 or 5K-1 on line 22. Enclose a copy of the Schedule 3K-1 or 5K-1 with Form 1.

Line 23 Renter’s and Homeowner’s School Property Tax Credit

You may claim a credit if you paid rent during 2008 for living quarters used as your primary residence OR you paid property taxes during 2008 on your home. You are eligible for a credit whether or not you claim homestead credit on line 48.



Note You may *not* claim the school property tax credit if you or your spouse are claiming the veterans and surviving spouses property tax credit.

Special Cases

If You Paid Both Property Taxes and Rent You may claim both the renter’s credit and the homeowner’s credit. The total combined credit claimed on lines 23a and 23b may not be more than \$300 (\$150 if married filing a separate return or married filing as head of household).

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

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

Line 23 instructions – continued

Persons Who Jointly Own a Home or Share Rented Living Quarters When two or more persons (other than husband and wife) jointly own a home or share rented living quarters, each may claim a credit. However, the property taxes and rent paid must be divided among the owners or occupants. See the instructions for lines 23a and 23b.

Line 23a How to Figure the Renter’s School Property Tax Credit

Step 1 Rent Paid in 2008 Fill in on the appropriate line(s) the total rent that you paid in 2008 for living quarters (1) where the heat was included in the rent, and (2) where the heat was not included in the rent. These living quarters must have been used as your principal home. Do not include rent that you may claim as a business expense. Do not include rent paid for housing that is exempt from property taxes, for example, rent for a university dorm, nonprofit senior housing, or public housing. (Property owned by a public housing authority is considered tax-exempt unless that authority makes payments in place of property taxes to the city or town in which it is located. If you live in public housing, you may wish to ask your manager about this.)

If the rent you paid included food, housekeeping, medical, or other services, reduce the amount filled in for rent paid in 2008 by the value of these items. If you shared living quarters with one or more persons (other than your spouse or dependents), fill in only the portion of the rent which you paid in 2008. For example, if you and two other persons rented an apartment and paid a total rent of \$3,000 in 2008, and you each paid \$1,000 of the rent, each could claim a credit based on \$1,000 of rent.

Step 2 Refer to the Renter’s School Property Tax Credit Table on page 24 to figure your credit. If heat was included in your rent, use Column 1 of the table. If heat was not included, use Column 2. Fill in your credit on line 23a.

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

Renter’s Worksheet	
<i>(Complete only if Exception described above applies)</i>	
1. Credit for rent with heat included (from Column 1 of Table on page 24)	1. _____
2. Credit for rent where heat not included (from Column 2 of Table on page 24)	2. _____
3. Add lines 1 and 2. Fill in on line 23a of Form 1*	3. _____
* Do not fill in more than \$300 (\$150 if married filing a separate return or married filing as head of household).	

Line 23b How to Figure the Homeowner’s School Property Tax Credit

Step 1 Property Taxes Paid on Home in 2008 Fill in the amount of property taxes that you *paid* in 2008 on your home. Do **not** include:

- Charges for special assessments, delinquent interest, or services that may be included on your tax bill (such as trash removal, recycling fee, or a water bill).
- Property taxes that you can claim as a business expense (for example, farm taxes or rental property taxes).
- Property taxes paid on property that is not your primary residence (such as a cottage or vacant land).
- Property taxes that you paid in any year other than 2008.

Property taxes are further limited as follows:

- a. If you bought or sold your home during 2008, the property taxes of the seller and buyer are the taxes set forth for each in the closing agreement made at the sale or purchase. If the closing agreement does not divide the property taxes between the seller and buyer, divide them on the basis of the number of months each owned the home.
- b. If you owned a mobile home during 2008, property taxes include the municipal permit fees paid to your municipality and/or the personal property taxes paid on your mobile home. (Payments for space rental for parking a mobile home or manufactured home should be filled in as rent on line 23a.)
- c. If you, or you and your spouse, owned a home jointly with one or more other persons, you may only use that portion of the property taxes that reflects your percentage of ownership. For example, if you and another person (other than your spouse) jointly owned a home on which taxes of \$1,500 were paid, each of you would claim a credit based on \$750 of taxes.

CAUTION Property taxes paid during 2008 must be reduced by any amounts received as a refund of such taxes. For example, a taxpayer claimed farmland preservation credit (which is considered a refund of property taxes) on his or her 2007 Wisconsin return. The taxpayer received a farmland preservation credit in 2008 of \$600 that was based on 2007 property taxes accrued of \$6,000. The 2007 property taxes were paid in 2008 and 10% of such taxes were allocable to the personal residence and 90% to the farm property. Thus, for tax purposes, property taxes paid on the entire property during 2008 are \$5,400 (\$6,000 less \$600 farmland preservation credit). Of this amount, \$540 (10% of \$5,400) is used to compute the 2008 school property tax credit.

Line 23 instructions – continued

Renter’s School Property Tax Credit Table*

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

***Caution** The credit allowed certain persons may be less than the amount indicated. See “Special Cases” on page 22.

Step 2 Use the Homeowner’s School Property Tax Credit Table on page 25 to figure your credit. Fill in the amount of your credit on line 23b.

CAUTION If you are also claiming the renter’s credit on line 23a, the total of your renter’s and homeowner’s credits can’t be more than \$300 (\$150 if married filing a separate return or married filing as head of household).

■ **Line 24 Historic Rehabilitation Credits**

Any individual who has received certification or approval of a project from the State Historical Society of Wisconsin may be eligible for the credits. Credits attributable to a partnership or tax-option (S) corporation pass through to the partners or shareholders (see Schedule 3K-1 or 5K-1). Credits may also be allocated to beneficiaries of estates and trusts (see Schedule 2K-1).

If you qualify to claim either of the historic rehabilitation credits, complete Wisconsin Schedule HR. Fill in the amount from Schedule HR on line 24. Enclose Schedule HR and the required certification with Form 1.

Exception If you are only claiming credits that are passed through from an estate or trust, partnership, or tax-option (S) corporation, you do not have to complete Schedule HR. Fill in the total historic rehabilitation credits from your Schedule 2K-1, 3K-1, or 5K-1 on line 24. Enclose a copy of the schedules with Form 1.

■ **Line 25 Working Families Tax Credit**

If your income is less than the amount indicated on page 25 for your filing status, you may claim the working families tax credit.

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

Line 25 instructions – continued

Homeowner's School Property Tax Credit Table*

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

*Caution The credit allowed certain persons may be less than the amount indicated. See "Special Cases" on page 22.

Line 25 instructions – continued

Single, Head of Household, or Married Filing Separate Return

- If the amount on line 14 of Form 1 is \$9,000 or less, your working families tax credit is equal to your tax. Fill in the amount from line 19 of Form 1 on line 25.
- If the amount on line 14 of Form 1 is more than \$9,000 but less than \$10,000, use the worksheet in the next column to compute your working families tax credit.
- If the amount on line 14 of Form 1 is \$10,000 or more, leave line 25 blank. You do not qualify for the working families tax credit.

Married Filing Joint Return

- If the amount on line 14 of Form 1 is \$18,000 or less, your working families tax credit is equal to your tax. Fill in the amount from line 19 of Form 1 on line 25.

- If the amount on line 14 of Form 1 is more than \$18,000 but less than \$19,000, use the worksheet below to compute your working families tax credit.
- If the amount on line 14 of Form 1 is \$19,000 or more, leave line 25 blank. You do not qualify for the working families tax credit.

Working Families Tax Credit Worksheet

Do not complete this worksheet if:

- Line 14 of your Form 1 is \$9,000 or less (\$18,000 or less if married filing a joint return).
- Line 14 of your Form 1 is \$10,000 or more (\$19,000 or more if married filing a joint return).
- You may be claimed as a dependent on another person's return.

1. Amount from line 19 of Form 1 1. _____
2. Total credits from lines 20 through 24 of Form 1 2. _____
3. Subtract line 2 from line 1. If the result is zero or less, stop here. You do not qualify for the credit 3. _____
4. Fill in \$10,000 (\$19,000 if married filing a joint return) 4. _____
5. Fill in amount from line 14 of Form 1 5. _____
6. Subtract line 5 from line 4. 6. _____
7. Divide line 6 by one thousand (1,000). Fill in decimal amount. 7. _____
8. Multiply line 3 by line 7. This is your working families tax credit. Fill in this amount on line 25 of Form 1. 8. _____



Line 26 Film Production Company Investment Credit

The Department of Commerce certifies expenses that qualify for the credit. The expenses must relate to establishing a film production company in Wisconsin.

If you qualify to claim the film production company investment credit, complete Wisconsin Schedule FP. Fill in the amount from line 16 of Schedule FP on line 26. Enclose Schedule FP and the required certification with Form 1.

Credits attributable to a partnership, limited liability company, or tax-option (S) corporation pass through to the partners, members, or shareholders (see Schedule 3K-1 or 5K-1). Credits may also be allocated to beneficiaries of estates and trusts (see Schedule 2K-1). If you are only claiming credits that are passed through from one of these entities, you do not have to complete Schedule FP. Fill in the total film production company investment credit from your Schedule 2K-1, 3K-1, or 5K-1 on line 26. Enclose a copy of the schedules with Form 1.

Line 29 Alternative Minimum Tax

You may owe Wisconsin alternative minimum tax if you benefit from certain deductions, credits, and the special tax treatment of some kinds of income. This tax is figured on Schedule MT. Use the worksheet in the next column to see if you must complete Schedule MT.

If line 10 of the worksheet is more than the amount on Form 1, line 28, fill in Schedule MT to see if you owe the alternative minimum tax. If line 10 is equal to or less than the amount on Form 1, line 28, do not fill in Schedule MT.

Include the following adjustments and preference items on line 2 of the worksheet.

Adjustment and Tax Preference Items

1. Accelerated depreciation.
2. Amortization of pollution control facilities or depletion.
3. Stock received by exercising an incentive stock option and you did not dispose of the stock in the same year.
4. Intangible drilling, circulation, research, experimental, or mining costs.
5. Income or (loss) from tax shelter farm activities or passive activities.
6. Income from long-term contracts not figured using the percentage of completion method.
7. Interest paid on a home mortgage *not* used to buy, build, or substantially improve your home.
8. Investment interest expense reported on Form 4952.
9. Wisconsin net operating loss deduction.
10. Alternative minimum tax adjustments from an estate, trust, tax-option (S) corporation, partnership, or a cooperative.

See page 6 for information on how to get Schedule MT.

Line 31 Married Couple Credit

You can claim the married couple credit if:

- You are married filing a joint return, and
- Both you and your spouse have qualified earned income, and
- You do not file federal Form 2555 or Form 2555EZ to claim an exclusion of foreign earned income or Form 4563 to claim an exclusion of income from sources in U.S. possessions.

To figure the credit, fill in Schedule 2 on page 4 of Form 1. Figure earned income separately for yourself and your spouse on lines 1 through 3 in Columns (A) and (B) of Schedule 2.

“Earned income” includes *taxable* wages, salaries, tips, scholarships or fellowships (only amounts reported on a W-2), other employee compensation, disability income treated as wages, and net earnings from self-employment.

Worksheet To See If You Should Fill in Schedule MT

Caution If you are married filing separately and line 3 of this worksheet is more than \$165,000, you should fill in Schedule MT.

1. Fill in the amount from Form 1, line 14 1. _____
2. Fill in the total of all adjustments and preference items that apply to you. 2. _____
3. Add lines 1 and 2. 3. _____
4. Fill in \$45,000 (\$22,500 if married filing separately; \$33,750 if single or head of household). 4. _____
5. Subtract line 4 from line 3. If zero or less, **stop here**; you don't need to fill in Schedule MT 5. _____
6. Fill in \$150,000 (\$75,000 if married filing separately; \$112,500 if single or head of household). 6. _____
7. Subtract line 6 from line 3. If zero or less, fill in -0- here and on line 8 and go to line 9 7. _____
8. Multiply line 7 by 25% (.25) and fill in the result but **do not** fill in more than line 4 above 8. _____
9. Add lines 5 and 8. 9. _____
10. Multiply line 9 by 6.5% (.065). 10. _____

Line 31 instructions – continued

“Earned income” does not include other income such as interest, dividends, IRA distributions, deferred compensation (even though it may be reported on a W-2), unemployment compensation, rental income, social security, pensions, annuities, or income that is not taxable to Wisconsin. Do not consider marital property law, marital property agreements, or unilateral statements in figuring each spouse’s earned income.

The credit is based on qualified earned income. You must figure qualified earned income separately for yourself and your spouse. Figure it on lines 4 and 5 of Schedule 2 by subtracting the total of certain adjustments from earned income. These adjustments (and the related lines on federal Form 1040) are:

- IRA deduction (line 32),
- Self-employed SEP, SIMPLE, and qualified plans (line 28),
- Repayment of supplemental unemployment benefits (included in the total on line 36),
- Certain business expenses of reservists, performing artists, and fee-basis government officials (line 24),
- Contributions to secs. 403(b) and 501(c)(18) pension plans (included in the total on line 36), and
- Disability income exclusion (from line 11 of Wisconsin Form 1).

Line 32 instructions – continued

■ Line 32 Other Credits – Schedule CR

New

If you are claiming any of the credits listed below, you must complete Schedule CR. **Enclose Schedule CR, along with the appropriate schedule for the credit(s) you are claiming and any required Department of Commerce approval or certification, with Form 1.** Fill in the amount from line 11 of Schedule CR on line 32. See page 6 for information on obtaining Schedule CR.

- **Schedule FP – Film Production Services Credit** Special credits are available for a film production company. An application for the credit must be approved by the Department of Commerce. Complete Schedule FP.
- **Schedule MS – Manufacturer’s Sales Tax Credit** If you had unused manufacturer’s sales tax credit from 1998 through 2005, complete Schedule MS to determine the amount of carryover credit you may claim for 2008.
- **Schedule MI – Manufacturing Investment Credit** Persons certified by the Department of Commerce who had more than \$25,000 of unused manufacturer’s sales tax credit carry over on January 1, 2006, may be able to claim the manufacturing investment credit. Complete Schedule MI.
- **Schedule DI – Dairy and Livestock Farm Investment Credit** The dairy and livestock farm investment credit is based on the amount paid for dairy or livestock farm modernization or expansion related to the operation of a dairy or livestock farm in Wisconsin. See Schedule DI.
- **Schedule EB – Ethanol and Biodiesel Fuel Pump Credit** A credit is available for a portion of the amount paid to install or retrofit pumps that dispense certain motor vehicle fuel. The motor vehicle fuel must consist of at least 85 percent ethanol or at least 20 percent biodiesel fuel. Complete Schedule EB.
- **Schedule DC – Development Zones Credit** Special tax credits may be available to persons doing business in Wisconsin development zones. If you qualify for the development zones credit, complete Wisconsin Schedule DC.
- **Schedule TC – Technology Zone Credit** The technology zone credit may be available for persons doing business in Wisconsin technology zones. If you qualify for the technology zone credit, complete Wisconsin Schedule TC.
- **Schedule VC(Part I) – Angel Investment Credit** The angel investment credit is available to accredited investors who make a bona fide angel investment in a qualified new business venture that is certified by the Department of Commerce. Complete Schedule VC.
- **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. Complete Schedule VC.

- **Schedule IE – Internet Equipment Credit** A credit is available based on the purchase of Internet equipment used in the broadband market. The amount of credit must be certified by the Department of Commerce (DOC). Complete Schedule IE and enclose a copy of the DOC certification.

■ Line 33 Credit for Net Tax Paid to Another State

If you paid tax both to Wisconsin and another state on the same income, you may be able to claim a credit for such tax. Read the Schedule OS instructions to determine if you may claim the credit. If you qualify for the credit, complete Schedule OS. Fill in the amount of your credit from Schedule OS on line 33. Be sure to enter in the brackets on line 33 the 2-letter postal abbreviation for the other state to which you paid tax. If you paid tax to more than one other state, fill in the number “99” in the box. See Schedule OS for other situations where additional code numbers may be required. Enclose Schedule OS and copies of the other state’s return.

CAUTION Credit cannot be claimed for taxes paid to **Illinois, Indiana, Kentucky, Michigan, or Minnesota** on personal service income (such as wages, salaries, tips, commissions, bonuses, etc.) you received from working in one of those states. Instead, file a return with that state to get a refund of any tax withheld from your wages. Be sure to explain on that state’s return that you were a Wisconsin resident when earning the wages in that state. See Publication 121, *Reciprocity*, for more information.

■ Line 36 Recycling Surcharge

The recycling surcharge applies to individuals who have trade or business activities in Wisconsin (including activities as a statutory employee) *and* have \$4,000,000 or more of gross receipts from trade or business activities for federal income tax purposes.

If you are subject to the recycling surcharge, complete Wisconsin Schedule RS. Fill in the amount from line 2 or 3 of Schedule RS on line 36 of Form 1. Enclose Schedule RS with Form 1.

■ Line 37 Sales and Use Tax Due on Out-of-State Purchases

Did you make any taxable purchases from out-of-state firms in 2008 on which sales and use tax was not charged? If yes, you must report Wisconsin sales and use tax on these purchases on line 37 if they were stored, used, or consumed in Wisconsin. You must also report sales and use tax on taxable purchases from a retailer located in another country, regardless of whether you were charged any tax for that country or any duty by the U.S. Customs Service.

Taxable purchases include furniture, carpet, clothing, computers, books, CDs, DVDs, video tapes, artwork, antiques, jewelry, coins purchased for more than face value, etc.

Line 37 instructions – continued

Example You purchased \$300 of clothing through a catalog or over the Internet. No sales and use tax was charged. The clothing was delivered in a county with a 5% tax rate. You are liable for \$15 Wisconsin tax (\$300 x 5% = \$15) on this purchase.

Complete the worksheet below to determine whether you are liable for Wisconsin sales and use tax.

Worksheet for Computing Wisconsin Sales and Use Tax	
1. Total purchases subject to Wisconsin sales and use tax (i.e., purchases on which no sales and use tax was charged by the seller) . . . \$	\$
2. Sales and use tax rate (see rate chart below) . . . x	%
3. Amount of sales and use tax due for 2008 (line 1 multiplied by tax rate on line 2). Round this amount to the nearest dollar and fill in on line 37 of Form 1 \$	\$

Sales and Use Tax Rate Chart

In all Wisconsin counties except those shown in a through c below, the tax rate was 5.5% for all of 2008.

a. If storage, use, or consumption in 2008 was in one of the following counties, the tax rate was 5.6%:	Milwaukee	Ozaukee	Washington
b. If storage, use, or consumption in 2008 was in one of the following counties, the tax rate was 5.1%:	Racine	Waukesha	
c. If storage, use, or consumption in 2008 was in one of the following counties, the tax rate was 5%:	Calumet	Kewaunee	Menominee
	Clark	Manitowoc	Outagamie
	Fond du Lac		Sheboygan
			Winnebago

■ **Line 38 Donations**

You may designate amounts as a donation to one or more of the programs listed on lines 38a through 38g. Your donation will either reduce your refund or be added to tax due. Add the amounts on lines 38a through 38g and fill in the total on line 38h.

Line 38a Endangered Resources Donation With your gift, the Endangered Resources Program works to protect and manage native plant and animal species, natural communities, and other natural features. Gifts up to a predetermined amount will be matched by state general purpose revenue. Fill in the amount you want to donate on line 38a.

Line 38b Packers Football Stadium Donation Your Packer football stadium donation will be used for maintenance and operating costs of the professional football stadium in Green Bay. Fill in the amount you want to donate on line 38b.

Line 38c Breast Cancer Research Donation Your breast cancer research donation will be divided equally between the Medical College of Wisconsin, Inc., and the University of Wisconsin Comprehensive Cancer Center for breast cancer

Line 38 instructions – continued

research projects. Fill in the amount you want to donate on line 38c.

Line 38d Veterans Trust Fund Donation Your donation to the Veterans Trust Fund will be used by the Wisconsin Department of Veterans Affairs for the benefit of veterans or their dependents. Fill in the amount you want to donate on line 38d.

Line 38e Multiple Sclerosis Donation Donations will be forwarded to the National Multiple Sclerosis Society to be distributed to entities located in Wisconsin that operate health-related programs for people in Wisconsin with multiple sclerosis. Fill in the amount you want to donate on line 38e.

Line 38f Firefighters Memorial You may donate an amount towards a firefighters memorial. Fill in the amount you want to donate on line 38f.

Line 38g Prostate Cancer Research Donation Your prostate cancer research donation will be divided equally between the Medical College of Wisconsin, Inc., and the University of Wisconsin Comprehensive Cancer Center for prostate cancer research projects. Fill in the amount you want to donate on line 38g.

■ **Line 39 Penalties on IRAs, Other Retirement Plans, MSAs, Etc.**

The Wisconsin penalty on IRAs, retirement plans, medical savings accounts (MSAs), etc., is equal to 33% of the following federal taxes:

- Tax on IRAs, other qualified retirement plans, etc., (line 59 of federal Form 1040). Do not include any amount from line 8 or 49 of federal Form 5329.
- Total tax due from lines 4, 17, 25, 33, 41, and 53 of federal Form 5329 (include only if the tax due on this form was paid separately and is not included on line 59 of your Form 1040).
- Tax on excess contributions (line 2 of federal Form 5330).
- Tax on prohibited transactions (lines 3a and 3b of federal Form 5330).
- Section 72(m)(5) excess benefits tax (included in the total on line 61 of federal Form 1040).
- Tax on Archer MSA distributions (line 11b of federal Form 8853).

If you were subject to any of the above federal taxes for 2008, fill in the total of such taxes in the space provided on line 39. Multiply the amount filled in by .33 (33%) and fill in the result on line 39.

Note You are not subject to the penalty on payments from certain retirement plans if the payments are exempt from Wisconsin tax. See the instructions for line 11, Items 05 and 06, for information on retirement payments that are exempt from Wisconsin tax and to which the penalty does not apply.

If you were required to file federal Form 5329 or 5330, enclose a copy of your Form 5329 and/or 5330 with your Form 1.

■ Line 40 Credit Repayments and Other Penalties

If you are required to repay a Wisconsin credit or are subject to a penalty for selling business or farming assets purchased from a related person, fill in the amount of the repayment or penalty on line 40. See below for further information.

- **Recapture of development zones investment credit** You may be required to recapture development zones investment credit if you disposed of or stopped using in a development zone any property for which you claimed the investment credit in a prior year. See Part IV of Schedule DC for further information. Fill in the amount from line 34 of Schedule DC on line 40.
- **State historic rehabilitation credit** You may have to repay all or part of the state historic rehabilitation credit if you disposed of the property within 5 years after the date on which the preservation or rehabilitation work was complete or the Wisconsin Historical Society determines that you have not complied with all of the requirements. Contact any department office for information on determining the amount to be repaid.
- **Angel investment credit** If an investment for which you claimed the angel investment credit in a prior year was held for less than one year, you must repay the amount of the credit that you received related to the investment.
- **Penalty for selling business assets (or assets used in farming) purchased from a related person** Capital gain on the sale or disposition of business or farming assets may be excluded from Wisconsin taxation if the assets were held more than one year and are disposed of to certain related persons. The related person who purchases or otherwise receives the assets on which the gain is excluded is subject to a penalty if he/she sells or disposes of the assets within two years. The penalty does not apply in the case of an involuntary conversion (for example, assets are destroyed by fire or livestock dies). Contact any department office for information on how to compute the penalty.

■ Line 43 Wisconsin Tax Withheld

Add the **Wisconsin** income tax withheld shown on your withholding statements (Forms W-2, W-2G, 1099-G, 1099-R, and 1099-MISC). Also, if any Wisconsin pass-through entity withholding tax was allocated to you from a tiered pass-through entity of which you are a member, you may include that withholding. Fill in the total on line 43. Enclose readable copies of your withholding statements with Form 1. (See Assembling Your Return on page 34.)

Note Wisconsin tax withheld is shown in Box 17 of Form W-2 or Box 10 of Form 1099-R, but only if Wisconsin is the state identified in Box 15 of Form W-2 or Box 11 of Form 1099-R.

DO NOT:

- claim credit for tax withheld for other states.
- claim amounts marked social security or Medicare tax withheld.

Line 43 instructions – continued

- claim credit for federal tax withheld.
- include withholding statements from other tax years.
- write on or change or attempt to correct the amounts on your withholding statements.

It is your responsibility to ensure that your employer or other payer has provided withholding statements that:

1. Are clear and easy to read.
2. Show withholding was paid to Wisconsin.

If you do not have a withholding statement or need a corrected withholding statement, contact your employer or other payer.

■ Line 44 2008 Wisconsin Estimated Tax Payments and Amount Applied From 2007 Return

Fill in any payments you made on your estimated Wisconsin income tax (Form 1-ES) for 2008. Include any overpayment from your 2007 return that you were allowed as credit to your 2008 Wisconsin estimated tax.

If you are married filing a joint return, fill in the total of:

- any separate estimated tax payments made by each spouse,
- any joint estimated tax payments, and
- any overpayments from your 2007 returns that you and your spouse were allowed as credit to 2008 Wisconsin estimated tax.

If you are filing a separate tax return, you may not claim any part of your spouse's separate estimated tax payments or credits. However, you and your spouse may split your joint estimated tax payments and credits between you as you choose on your separate returns. If you cannot agree on how joint amounts are to be split between you, the department will split them between you according to your respective income tax liabilities.

Follow the above instructions even if your spouse died during 2008.

Name Change If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, enclose a statement with Form 1. On the statement, explain all the payments you and your spouse made for 2008 and the name(s) and social security number(s) under which you made them.

■ Line 45 Earned Income Credit

If you qualify for the federal earned income credit and you have at least one qualifying child, you also qualify for the Wisconsin earned income credit. However, you must have been a resident of Wisconsin for the entire year.

To claim the Wisconsin earned income credit, complete the following steps and fill in the required information in the spaces provided on line 45.

Line 45 instructions – continued

Step 1 Fill in the **number** of children who meet the requirements of a “qualifying child” for purposes of the federal earned income credit (see the instructions for earned income credit in your federal return for definition of a “qualifying child”).

CAUTION For federal purposes only your first two qualifying children are counted. For Wisconsin purposes all of your qualifying children are counted.

Step 2 Fill in the **federal earned income credit** from line 64a of federal Form 1040 or line 40a of federal Form 1040A.

Step 3 Fill in the percentage rate which applies to you.

Number of qualifying children (see Step 1 above)	Fill in this percentage rate
1	4%
2	14%
3 or more	43%

Step 4 Multiply the amount of your federal credit (Step 2) by the percentage determined in Step 3. Fill in the result on line 45. This is your Wisconsin earned income credit.

Note

Enclosures With Your Return You must enclose a copy of your completed federal Schedule EIC with Form 1. The federal Schedule EIC requests information for two qualifying children. If you have a third qualifying child, also enclose a sheet giving the same information as requested on the Schedule EIC for your third child. Failure to provide this information may delay your refund.

Note If the IRS is computing your federal earned income credit and you want the department to compute your Wisconsin earned income credit for you, fill in the number of your qualifying children in the space provided on line 45. Write “EIC” in the space to the right of line 45. Complete your return through line 51 of Form 1. Enclose a copy of your federal return (Form 1040A or Form 1040) with your Form 1.

■ Line 46 Farmland Preservation Credit

If you are claiming farmland preservation credit, include a completed Schedule FC with your Form 1. Fill in on line 46 of Form 1 the amount from line 18 of your Schedule FC.

Note For a description of the farmland preservation credit program, see Special Instruction G on page 36.

■ Line 47 Repayment Credit

If you had to repay during 2008, an amount that you had included in income in an earlier year because at that time you thought you had an unrestricted right to it, you may be able to claim a credit based on the amount repaid. To qualify for the credit, the amount repaid must be over \$3,000 and the amount repaid cannot have been subtracted in computing Wisconsin adjusted gross income.

Line 47 instructions – continued

Use the following steps to compute your credit:

- (1) Refigure your tax from the earlier year without including in income the amount you repaid in 2008.
- (2) Subtract the tax in (1) from the tax shown on your return for the earlier year. The difference is the amount of your credit.

Fill in the amount of your credit on line 47 of Form 1. Enclose a statement showing how you computed your credit.

■ Line 48 Homestead Credit

If you are claiming homestead credit, attach your completed Schedule H or H-EZ to your Form 1. Fill in on line 48 of Form 1 the amount from line 19 of your Schedule H or line 14 of Schedule H-EZ.

Note To see if you qualify for homestead credit, refer to Special Instruction F on page 36. You cannot claim homestead credit if you (or your spouse, if married) claim the veterans and surviving spouses property tax credit.

■ Line 49 Farmland Tax Relief Credit

If you qualify for the farmland tax relief credit, complete line 49 and enclose a copy of your 2008 property tax bill(s) with Form 1.

Note

You may **not** claim the farmland tax relief credit if you (or your spouse, if married) are claiming the veterans and surviving spouses property tax credit.

Qualifications You may qualify for the farmland tax relief credit if you meet the following conditions:

- You or a member of your household must have been the owner of at least 35 acres of Wisconsin farmland during the 2008 taxable year. Household means an individual, his or her spouse, and all dependents while they are under age 18.
- Your 2007 property taxes for the farmland on which the credit is based must have been paid.
- 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 2008 or at least a total of \$18,000 of gross farm profits for 2006, 2007, and 2008 combined. However, if at least 35 acres of your farmland was enrolled in the Conservation Reserve Program during all or part of 2008, 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 livestock or other items purchased for resale which are sold or otherwise disposed of during the taxable 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 you rent out your farmland, the renter’s gross profits are used to satisfy this requirement. Gross farm profits

Line 49 instructions – continued

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.

Who May Claim the Credit Only one member of a household may claim the credit. If two or more members of a household each qualify (for example, where a husband and wife have entered into a farm partnership agreement), they must determine between themselves who the claimant will be. If they are unable to agree, the matter may be referred to the Secretary of Revenue, whose decision will be final.

A claimant may be (1) an individual, (2) each member of a partnership (except publicly traded partnerships) having a joint or common interest in land, (3) a shareholder in a tax-option (S) corporation, (4) the vendee under a land contract, or (5) a guardian on behalf of a ward. When farmland is subject to a life estate, the person who has an ownership interest and is operating the farm and paying the property taxes is the owner who may claim the credit.

Property Taxes to Use Fill in the property taxes on your farmland (exclusive of improvements) in the space provided on line 49, but do not fill in more than \$7,894. The credit is based on property taxes levied on your farmland during the 2008 calendar year. This is your 2008 property tax bill (payable in 2009). You can use up to \$7,894 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 (for example, farm buildings or a residence), special assessments, special charges, or interest.

Note Your 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. *If you have more than one property tax bill, apply the formula to each bill separately.*

$$\frac{\text{Assessed value of farmland}}{\text{Total assessed value of land and improvements}} \times \text{2008 property taxes levied in 2008 before lottery and gaming credit} = \text{Portion of property taxes to be used for the credit}$$

If the farmland is co-owned with someone other than a member of your household, you may use only those taxes on the farmland which reflect your ownership percentage.

If you sold the farmland on which this claim is based during the taxable year, fill in only that portion of the property taxes on the farmland which is allocated to you in the closing agreement pertaining to the sale of the property (use the above formula if improvements are included). If the amount is not set forth in a closing agreement, you may not use any of these taxes in your computation. Do not fill in more than \$7,894.

If you purchased the farmland on which this claim is based during the taxable year, fill in the property taxes on the farm-

Line 49 instructions – continued

land less any amount allocated to the seller in the closing agreement (use the formula in the previous column if improvements are included). If the amount is not set forth in a closing agreement, fill in the total taxes on the farmland. Do not fill in more than \$7,894.

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 you and your household. 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 2008.

Computing the Credit Fill in the amount of your credit on line 49 of Form 1. The credit is equal to 19% of the property taxes on your farmland up to a maximum credit of \$1,500. (**Caution** If you are claiming farmland preservation credit on line 46, 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.)

Enclosures Enclose a copy of your 2008 property tax bill(s) with your Wisconsin Form 1. (**Note** If you are also claiming farmland preservation credit or homestead credit on Form 1 and have enclosed a copy of your 2008 property tax bill(s) with your Schedule FC or Schedule H, you do not have to enclose an additional copy.) If the farmland on which the credit is based was purchased or sold during the year, only the buyer must enclose a copy of the 2008 property tax bill(s); however, both the buyer and seller must enclose a copy of the closing agreement relating to the sale.

If any of the 2008 property tax bills show unpaid prior year taxes, enclose a statement signed by your county treasurer indicating the date the 2007 property taxes were paid in full.

If your name is not on the property tax bill, enclose a document that shows your percentage of ownership of the farmland (for example, a copy of your partnership agreement, deed, land contract, divorce decree, etc.).

Line 50 Eligible Veterans and Surviving Spouses Property Tax Credit

Who May Claim the Credit An eligible unmarried surviving spouse or an eligible veteran may claim the veterans and surviving spouses property tax credit. (**Note** If you claim the veterans and surviving spouses property tax credit, you or your spouse may **not** claim the school property tax credit, homestead

Line 50 instructions – continued

credit, farmland tax relief credit, or farmland preservation credit.)

An “eligible unremarried surviving spouse” means an unremarried surviving spouse of one of the following, as verified by the Wisconsin Department of Veterans Affairs:

- An individual who had served on active duty in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces, who was a resident of Wisconsin at the time of entry into active service, and who, while a resident of Wisconsin, died while on active duty.
- An individual who had served on active duty under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces; who was a resident of Wisconsin at the time of entry into active service; who was at least 65 years of age at the time of his or her death or would have been 65 years of age at the close of the year in which the death occurred; who was a resident of Wisconsin at the time of his or her death; and who had a service-connected disability rating of 100% under 38 USC 1114 or 1134.
- An individual who had served in the National Guard or a reserve component of the U.S. armed forces, who was a resident of Wisconsin at the time of entry into that service, and who, while a resident of Wisconsin, died in the line of duty while on active or inactive duty for training purposes.

“Eligible veteran” means an individual who is at least 65 years of age and who is verified by the Wisconsin Department of Veterans Affairs as meeting all of the following conditions:

- Served on active duty under honorable conditions in the U.S. armed forces or in forces incorporated in the U.S. armed forces.
- Was a resident of Wisconsin at the time of entry into active service.
- Is currently a resident of Wisconsin for purposes of receiving veterans benefits under ch. 45, Wis. Stats.
- Has a service-connected disability rating of 100% under 38 USC 1114 or 1134.

Computing the Credit The credit is equal to the property taxes paid during the year on the claimant’s principal dwelling in Wisconsin. The credit is based on real and personal property taxes, exclusive of special assessments, delinquent interest, and charges for service. Do not include any property taxes that are properly includable as a trade or business expense.

If the principal dwelling on which the taxes were paid is owned by two or more persons or entities as joint tenants or tenants-in-common, use only that part of property taxes paid that reflects the ownership percentage of the claimant.

Line 50 instructions – continued

Exceptions

Married filing a joint return If property is owned by an eligible veteran and his/her spouse as joint tenants, tenants-in-common, or as marital property, the credit is based on 100% of property taxes paid on the principal dwelling.

Married filing a separate return If property is owned by an eligible veteran and his/her spouse as joint tenants, tenants-in-common, or as marital property, each spouse may claim the credit based on their respective ownership interest in the eligible veteran’s principal dwelling.

If the principal dwelling is sold during the taxable year, the property taxes for the seller and buyer shall be the amount of the tax prorated to each in the closing agreement pertaining to the sale. If not provided for in the closing agreement, the tax shall be prorated between the seller and buyer in proportion to months of ownership.

If you owned and lived in a mobile home as your principal dwelling, “property taxes” includes monthly mobile home municipal permit fees you paid to the municipality.

“Principal dwelling” means any dwelling and the land surrounding it that is reasonably necessary for use of the dwelling as a primary dwelling. It may include a part of a multidwelling or multipurpose building and a part of the land upon which it is built that is used as the primary dwelling.

The credit must be claimed within 4 years of the unextended due date of the return.

Verification of Eligibility for the Credit If you did not claim the credit in a prior year, before claiming the credit for 2008 you must request verification from the Wisconsin Department of Veterans Affairs (WDVA) indicating that you qualify for the credit. Use Form WDVA 2097 (which you can find in WDVA Brochure B0106) to submit your request, along with a copy of the veteran’s DD Form 214 and Veterans Administration disability award letter and, if applicable, the veteran’s death certificate, a marriage certificate, and a completed copy of Form WDVA 0001 (if the veteran never previously submitted one). The WDVA 0001 and the brochure are available from your county veterans service officer or on the Internet at www.dva.state.wi.us. You may submit these forms and supporting documents to your county veterans service officer or mail them to: Wisconsin Department of Veterans Affairs, 30 West Mifflin St., PO Box 7843, Madison WI 53707-7843. If you qualify, the WDVA will send you a verification of your eligibility.

Note You do not have to obtain verification from the WDVA for 2008 if you previously received verification for a prior year. If you still qualify for the credit, you may claim the credit but do not have to enclose verification.

Enclosures Enclose a copy of your property tax bill, proof of payment, and the verification, if required, received from the WDVA with your return.

Line 56 instructions – continued

■ Line 51 Other Credits From Schedule CR

If you are claiming any of the credits listed below, you must complete Schedule CR. **Enclose Schedule CR, along with the appropriate schedule for the credit(s) you are claiming and any required Department of Commerce approval or certification, with Form 1.** Fill in the amount from line 15 of Schedule CR on line 51.

- **Schedule EC – Enterprise zone jobs credit** The enterprise zone jobs credit is available to persons doing business in an enterprise zone. The Department of Commerce must certify the business as eligible for the credit and determine the amount of credit. See Schedule EC.
- **Schedule DM – Dairy manufacturing facility investment credit** The dairy manufacturing facility investment credit is available for dairy manufacturing modernization or expansion. The Department of Commerce must certify eligible taxpayers and allocate the amount of credit. See Schedule DM.
- **Schedule FP – Film production services credit** A portion of the film production services credit is available as a refundable credit. The application for the credit must be approved by the Department of Commerce. See Schedule FP.

■ Line 53 Amount You Overpaid

If line 52 is larger than line 42, complete line 53 to determine the amount you overpaid.

Note If you were required to make estimated tax payments and you did not make such payments timely, you may owe what is called “underpayment interest.” You may owe underpayment interest even if you are due a refund. Read the line 57 instructions to see if you owe underpayment interest. If you owe underpayment interest and you show an overpayment on line 53, reduce the amount on line 53 by the amount of underpayment interest on line 57.

■ Line 54 Refund

Fill in on line 54 the amount from line 53 that you want refunded to you.

Note If you are divorced, see item 6 on page 35. You may need to enclose a copy of your divorce decree with your return.

■ Line 55 Amount Applied to 2009 Estimated Tax

Fill in on line 55 the amount, if any, of the overpayment on line 53 you want applied to your 2009 estimated tax.

If you are married filing a joint return, we will apply the amount on line 55 to your joint estimated tax. If you are married filing a separate return, we will apply the amount on line 55 to your separate estimated tax.

■ Line 56 Amount You Owe

If line 52 is less than line 42, complete line 56 to determine the amount you owe.



If the amount you owe with your return is \$200 or more or you made late estimated tax payments, you may also owe what is called “underpayment interest.” This is an interest charge that applies when you have not prepaid enough of your tax through withholding and/or estimated tax payments. Read the line 57 instructions to see if you owe underpayment interest. If you do, include the underpayment interest from line 57 in the amount you fill in on line 56.

If you owe an amount with your return, you can pay by check, money order, or credit card. **Do not** include any 2009 estimated tax payment in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

To pay by check or money order Make your check or money order payable to the Wisconsin Department of Revenue. If the name of the taxpayer does not match the printed name on the check, print the taxpayer’s name on the memo line of the check. **Paper clip** it to the front of your Form 1.

To pay by credit card You may use your MasterCard®, American Express® Card, Visa® Card, or Discover® Card. To pay by credit card, call toll free or access by Internet the service provider listed below and follow the instructions of the provider. A convenience fee of 2.5% (with a minimum of \$1) will be charged by the service provider based on the amount you are paying. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. **If you pay by credit card before filing your return**, enter on page 1 of Form 1 in the lower right corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

Official Payments Corporation
1-800-2PAY-TAX (1-800-272-9829)
1-866-621-4109 (Customer Service)
www.officialpayments.com

What if you cannot pay? If you cannot pay the full amount shown as due on your tax return when you file, you may ask to make installment payments to the Department of Revenue. Due to additional fees and interest charges related to installment agreements, it is the department’s policy to not enter into formal payment arrangements until after a bill is issued by the department and the due date on that assessment has passed. It is generally to your advantage to pay your liability in full rather than in installments. Installment agreements with the department are subject to a \$20 installment agreement fee. In addition, bills not paid in full by the due date become liable for additional interest of 18% per year and a delinquent tax collection fee of the greater of \$35 or 6½ percent of the unpaid amount. For more information concerning payments and to obtain the Installment Agreement Request Form (Form A-771), consult the Department of Revenue website at www.revenue.wi.gov.

Line 56 instructions – continued

Note Failure to pay your Wisconsin income tax may result in certification of your unpaid liability to the Treasury Offset Program. Federal law authorizes the U.S. Department of Treasury to reduce, or offset, any federal income tax refunds payable to you by the IRS to satisfy unpaid state income tax debts. Any unpaid liability will remain eligible for this offset until paid.

■ Line 57 Underpayment Interest

You may owe underpayment interest if the amount of Wisconsin income tax withheld from your wages was less than your tax liability, or if you had income that was not subject to withholding and you did not make timely estimated payments. In general, in each quarter of the year, you should be paying enough tax through withholding payments and quarterly estimated tax payments to cover the taxes you expect to owe for the tax year. For more information on making estimated tax payments, see “Estimated Tax Payments Required for Next Year” on page 35.

Underpayment interest applies if:

- Line 56 is at least \$200 and it is more than 10% of the tax shown on your return, or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

The “tax shown on your return” is the amount on line 35 plus the amount on line 36, minus the amounts on lines 45 through 51.

Exceptions You will not owe underpayment interest if your 2007 tax return was for a tax year of 12 full months (or would have been had you been required to file) AND **either** of the following applies.

1. You had no tax liability for 2007 and you were a Wisconsin resident for all of 2007, or
2. The amounts on lines 43 and 44 of your 2008 return are at least as much as the tax shown on your 2007 return. Your estimated tax payments for 2008 must have been made on time and for the required amount.

The tax shown on your 2007 return is the amount on line 32 plus the amount on line 33 of 2007 Form 1 minus the amounts on lines 42 through 49.

Note

Fill in the exception code in the box to the left of line 57 if you are enclosing an application for a waiver, qualify for an exception, or are using the annualized income installment method (Part IV of Schedule U) to compute underpayment interest. See the Schedule U instructions for the exception code to use.

Figuring Underpayment Interest

If the **Exceptions** above do not apply, see **Schedule U** to find out if you owe underpayment interest. If you do, you can use the schedule to figure the amount. In certain situations, you may be able to lower your underpayment interest. For details, see the instructions for Schedule U. Fill in the underpayment interest from Schedule U on line 57. Add the amount of the underpay-

Line 57 instructions – continued

ment interest to any tax due and fill in the total on line 56. If you are due a refund, subtract the underpayment interest from the overpayment you show on line 53 and adjust lines 54 and 55 if necessary. Enclose Schedule U with your Form 1.

■ **Third Party Designee** If you want to allow a tax preparer, family member, friend, or any other person you choose to discuss your 2008 tax return with the Department of Revenue, check “Yes” in the “Third Party Designee” area of your return. Also, fill in the designee’s name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN).

If you check “Yes,” you (and your spouse if filing a joint return) are authorizing the department to discuss with the designee any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the department any information missing from your return,
- Call the department for information about the processing of your return or the status of your refund or payment(s), and
- Respond to certain department notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the department. If you want to expand the designee’s authorization, you must submit Form A-222 (*Power of Attorney*).

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2009 tax return. This is April 15, 2010, for most people.

■ **Sign and Date Your Return** Sign and date your return at the bottom of page 3. Form 1 is not considered a valid return unless you sign it. Your spouse must also sign it if it is a joint return. Also fill in your daytime phone number. Keep a copy of your dated return.



Assembling Your Return

Begin by putting the four pages of Form 1 in numerical order. Then, attach, using a **paper clip**, the following in the *order listed*. Do not staple your return. Stapling will delay the processing of your return and any refund.

Exception If you are including Schedule H or H-EZ, staple all attachments to Form 1.

1. **Payment** – If you owe an amount with your return, **paper clip** your payment to the front of Form 1, unless you are paying by credit card.
2. **Wisconsin Schedules** – Copies of appropriate Wisconsin schedules and supporting documents, such as Schedule H or H-EZ (homestead credit), Schedule FC (farmland preservation credit), Schedule CR, or Schedule RT.

- 3. W-2s or 1099s** – The appropriate copy of each of your withholding statements (Forms W-2, W-2G, 1099-G, 1099-R, and 1099-MISC).
- 4. Federal Return** – A complete copy of your federal return (Form 1040, 1040A, or 1040EZ and its supporting schedules and forms. If you itemize deductions on your federal return but do not claim the itemized deduction credit on your Wisconsin return, you do not have to enclose federal Schedule A.
- 5. Extension Form or Statement** – A copy of your federal extension application form or required statement if you are filing under an extension of time to file.
- 6. Divorce Decree** –
- *Persons divorced after June 20, 1996, who compute a refund* If your divorce decree apportions any tax liability owed to the department to your former spouse, enclose a copy of the decree with your Form 1. Fill in “04” in the Special Conditions box on page 1 of Form 1. This will prevent your refund from being applied against such tax liability.
 - *Persons divorced who file a joint return* – If your divorce decree apportions any refund to you or your former spouse, or between you and your former spouse, the department will issue the refund to the person(s) to whom the refund is awarded under the terms of the divorce. Enclose a copy of the portion of your divorce decree that relates to the tax refund with your Form 1. Fill in “04” in the Special Conditions box on page 1 of Form 1.

- 7. Injured Spouse** – If you are filing federal Form 8379, *Injured Spouse Claim and Allocation*, enclose a copy with your Form 1. Fill in “05” in the Special Conditions box on page 1 of Form 1.

CAUTION Be sure to file all four pages of Form 1. Please send the original of your return. Do not send a photocopy.

■ **Where to File** Mail your return to the Wisconsin Department of Revenue at:

<i>(if tax is due)</i>	<i>(if refund or no tax due)</i>	<i>(if homestead credit claimed)</i>
PO Box 268	PO Box 59	PO Box 34
Madison WI	Madison WI	Madison WI
53790-0001	53785-0001	53786-0001

Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over ¼” thick). Also, include your complete return address.

Private Delivery Services You can use certain private delivery services approved by the IRS to meet the timely filing rule. The approved private delivery services are listed in the instructions for your federal tax form. Items must be delivered to Wisconsin Department of Revenue, 2135 Rimrock Rd., Madison WI 53713. Private delivery services cannot deliver items to PO boxes. The private delivery service can tell you how to get written proof of the mailing date.

Special Instructions

A. Penalties for Not Filing Returns or Filing Incorrect Returns

If you do not file an income tax return which you are required to file, or if you file an incorrect return due to negligence or fraud, penalties and interest may be assessed against you. The interest rate on delinquent taxes is 18% per year. Civil penalties can be as much as 100% of the amount of tax not reported on the return. Criminal penalties for failing to file or filing a false return include a fine up to \$10,000 and imprisonment.

B. Internal Revenue Service Adjustments

Did the Internal Revenue Service adjust any of your federal income tax returns? If yes, you may have to notify the Department of Revenue of such adjustments. You must notify the department if the adjustments affect your Wisconsin income, any credit, or tax payable.

The department must be notified within 90 days after the adjustments are final. You must submit a copy of the final federal audit report by either:

- (1) Including it with an amended return (Form 1X) that reflects the federal adjustments, or

- (2) Mailing the copy to: Wisconsin Department of Revenue
Audit Bureau
PO Box 8906
Madison WI 53708-8906

C. Amended Returns

If you filed an amended return with the Internal Revenue Service or another state, you generally must also file an amended Wisconsin return within 90 days. You need to file an amended Wisconsin return if the changes affect your Wisconsin income, any credit, or tax payable. Use Form 1X to file an amended Wisconsin return.

D. Estimated Tax Payments Required for Next Year?

If your 2009 Wisconsin income tax return will show a tax balance due to the department of \$200 or more, you must either:

- Make estimated tax payments for 2009 in installments beginning April 15, 2009, using Wisconsin Form 1-ES, or
- Increase the amount of income tax withheld from your 2009 pay.

For example, you may have a tax balance due with your return if you have income from which Wisconsin tax is not withheld. If you do not make required installment payments, you may be charged interest.

For more information, contact the department's Customer Service Bureau at (608) 266-2772 or any Department of Revenue office.

If you must file Form 1-ES for 2009 and do not receive a form in the mail, go to our website at www.revenue.wi.gov to obtain a personalized copy of Form 1-ES or contact any Department of Revenue office.

E. Armed Forces Personnel

If you were a Wisconsin resident on the date you entered military service, you are considered a Wisconsin resident during your entire military career unless you take action to change your legal residency. For more information, get Publication 104, *Wisconsin Taxation of Military Personnel*.

F. Homestead Credit

The Wisconsin homestead credit program provides direct relief to homeowners and renters. You may qualify if you were:

- At least 18 years old on December 31, 2008.
- A Wisconsin resident for all of 2008.
- Not claimed as a dependent on anyone's 2008 federal tax return (unless you were 62 or older on December 31, 2008).
- Not living in tax-exempt public housing for all of 2008. (**Note** Some exceptions apply to this rule and are explained in the instructions for the homestead credit form.)
- Not living in a nursing home and receiving medical assistance (Title XIX) when you file for homestead credit.
- Had total household income, including wages, interest, social security, and income from certain other sources, below \$24,500 in 2008.

If you (or your spouse if married) claim the veterans and surviving spouses property tax credit, you are not eligible for homestead credit.

For more information about homestead credit, contact our Homestead Unit in Madison at (608) 266-8641 or any department office. See page 6 for information on obtaining Schedule H or H-EZ, which you must complete to apply for the credit. Schedules H and H-EZ are also available at many libraries.

G. Farmland Preservation Credit

The farmland preservation credit program provides an income tax credit to Wisconsin residents who own at least 35 acres of farmland in Wisconsin. If you claim homestead credit or the veterans and surviving spouses property tax credit, you are not eligible for farmland preservation credit. For more information about farmland preservation credit, contact our Farmland Preservation Unit in Madison at (608) 266-2442 or any department office. See page 6 for information on obtaining Schedule FC, which you must complete to apply for the credit.

H. Death of a Taxpayer

A return for a taxpayer who died in 2008 should be filed on the same form which would have been used if he or she had lived. Include only the taxpayer's income up to the date of his or her death.

If there is no estate to probate, a surviving heir may file Form 1 for the person who died. If there is an estate, the personal representative for the estate must file the return. The person filing the Form 1 should sign it and indicate his or her relationship to the person who died (for example, "surviving heir" or "personal representative").

The person who files the return must complete the "Special Conditions" section located to the right of the Filing Status section on page 1 of Form 1. If the return for the decedent is filed as single, head of household, or married filing separate, fill in "06" in the Special Conditions box and indicate the date of death on the line provided. If a joint return is being filed, fill in "06" in the box if it is the husband who is deceased and the date of death. If it is the wife who is deceased, fill in "07" in the box and the date of death. If both spouses are deceased, fill in "08" in the box and both dates of death.

If the taxpayer did not have to file a return but paid estimated tax or had tax withheld, a return must be filed to get a refund.

If you are a surviving heir and are filing a return claiming a refund on behalf of a person who died, complete Form I-804, *Claim for Decedent's Wisconsin Income Tax Refund*. Enclose it with the return. This applies only if the refund is more than \$100. If the refund is \$100 or less, enclose a note with the return. List your name, address, social security number, and your relationship to the person who died, and sign the note. If you are enclosing Form I-804 or a note, fill in "10" in the Special Conditions box.

If your spouse died during 2008 and you did not remarry in 2008, you can file a joint return. You can also file a joint return if your spouse died in 2009 before filing a 2008 return. A joint return should show your spouse's 2008 income before death and your income for all of 2008. Write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

If you are claiming a refund as a surviving spouse filing a joint return with the deceased and you follow the above instructions, you do not have to file the Form I-804.

If your spouse died before 2008 and you have not remarried, you must file as single or, if qualified, as head of household.

For more information about the final income tax return to be filed for a deceased person, contact any department office or call (608) 266-2772.

I. Requesting Copies of Your Returns

The Department of Revenue will provide copies of your returns for prior years. Persons requesting copies should **complete** Form P-521, *Request for Copies of Previously Filed Tax Returns or Forms W-2*. Include all required information and fee with Form P-521. Form P-521 is available from the department's website at www.revenue.wi.gov.

Appearing below is an alphabetical listing of Wisconsin school districts. Refer to this listing and find the number of the district in which you lived on December 31, 2008. Fill in this number in the name and address area of your return. Failure to include your school district number may delay the processing of your return and any refund due.

The listing is divided into two sections. SECTION I lists all districts which operate high schools. SECTION II lists those districts which operate schools having only elementary grades.

Your school district will generally be the name of the municipality where the public high school is located which any children at your home would be entitled to attend. However, if such high school is a "union high school," refer to SECTION II and find the number of your elementary district.

The listing has the names of the school districts only to help you find your district number. Don't write in the name of your school district or the name

of any specific school. Fill in only your school district's number on the school district line in the name and address area of your return. For example:

- 1. If you lived in the city of Milwaukee, you will fill in the number 3619 on the school district line.
2. If you lived in the city of Hartford, you would refer to Section II and find the number 2443, which is the number for Jt. No. 1 Hartford elementary district.

The following are other factors to be considered in determining your school district number:

- 1. If you lived in one school district but worked in another, fill in the district number where you lived.
2. If you were temporarily living away from your permanent home, fill in the district number of your permanent home.

Note If you can't identify your school district, contact your municipal clerk or local school for help.

SECTION I - SCHOOL DISTRICTS OPERATING HIGH SCHOOLS

Table with 12 columns: School District, No., School District, No., School District, No., School District, No., School District, No., School District, No. Lists various districts like ABBOTSFORD, ALBANY, ALGOMA, etc., with their corresponding numbers.

*This is a "Union High School" district. Refer to Section II of this listing and determine the number of your elementary school district.

SECTION II - SCHOOL DISTRICTS OPERATING ONLY ELEMENTARY SCHOOLS

Table with 4 columns: School District, No., School District, No. Lists districts like BRIGHTON, BRISTOL, DOVER, etc., with their corresponding numbers.

2008 TAX TABLE FOR FORM 1 FILERS

Use this Tax Table if your taxable income is less than \$100,000. If \$100,000 or more, use the Tax Computation Worksheet on page 44.

Example Mr. and Mrs. Smith are filing a joint return. Their taxable income on line 18 of Form 1 is \$28,653. First they find the \$28,000 heading in the table. Then they find the \$28,600 – 28,700 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and the filing status column meet is \$1,571. This is the tax amount they must write on line 19 of their return.



At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately
		Your tax is –		
28,500	28,600	1,638	1,565	1,710
28,600	28,700	1,644	1,571	1,717
28,700	28,800	1,651	1,578	1,723
28,800	28,900	1,657	1,584	1,730
28,900	29,000	1,664	1,591	1,736

If line 18 (Taxable income) is –		And you are –			If line 18 (Taxable income) is –		And you are –			If line 18 (Taxable income) is –		And you are –		
At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately	At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately	At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately
		Your tax is –					Your tax is –					Your tax is –		
		3,000					7,000					4,000		
		3,000	3,100		140	140	140			7,000	7,100	324	324	333
		3,100	3,200		145	145	145			7,100	7,200	329	329	339
		3,200	3,300		150	150	150			7,200	7,300	334	334	346
		3,300	3,400		154	154	154			7,300	7,400	338	338	352
		3,400	3,500		159	159	159			7,400	7,500	343	343	358
		3,500	3,600		163	163	163			7,500	7,600	347	347	364
		3,600	3,700		168	168	168			7,600	7,700	352	352	370
		3,700	3,800		173	173	173			7,700	7,800	357	357	376
		3,800	3,900		177	177	177			7,800	7,900	361	361	382
		3,900	4,000		182	182	182			7,900	8,000	366	366	389
		4,000	4,100		186	186	186			8,000	8,100	370	370	395
		4,100	4,200		191	191	191			8,100	8,200	375	375	401
		4,200	4,300		196	196	196			8,200	8,300	380	380	407
		4,300	4,400		200	200	200			8,300	8,400	384	384	413
		4,400	4,500		205	205	205			8,400	8,500	389	389	419
		4,500	4,600		209	209	209			8,500	8,600	393	393	426
		4,600	4,700		214	214	214			8,600	8,700	398	398	432
		4,700	4,800		219	219	219			8,700	8,800	403	403	438
		4,800	4,900		223	223	223			8,800	8,900	407	407	444
		4,900	5,000		228	228	228			8,900	9,000	412	412	450
		5,000	5,100		232	232	232			9,000	9,100	416	416	456
		5,100	5,200		237	237	237			9,100	9,200	421	421	462
		5,200	5,300		242	242	242			9,200	9,300	426	426	469
		5,300	5,400		246	246	246			9,300	9,400	430	430	475
		5,400	5,500		251	251	251			9,400	9,500	435	435	481
		5,500	5,600		255	255	255			9,500	9,600	439	439	487
		5,600	5,700		260	260	260			9,600	9,700	444	444	493
		5,700	5,800		265	265	265			9,700	9,800	449	449	499
		5,800	5,900		269	269	269			9,800	9,900	455	455	505
		5,900	6,000		274	274	274			9,900	10,000	462	462	512
		6,000	6,100		278	278	278			10,000	10,100	468	468	518
		6,100	6,200		283	283	283			10,100	10,200	474	474	524
		6,200	6,300		288	288	288			10,200	10,300	480	472	530
		6,300	6,400		292	292	292			10,300	10,400	486	476	536
		6,400	6,500		297	297	297			10,400	10,500	492	481	542
		6,500	6,600		301	301	303			10,500	10,600	498	485	549
		6,600	6,700		306	306	309			10,600	10,700	505	490	555
		6,700	6,800		311	311	315			10,700	10,800	511	495	561
		6,800	6,900		315	315	321			10,800	10,900	517	499	567
		6,900	7,000		320	320	327			10,900	11,000	523	504	573

If line 18 (Taxable income) is –		And you are –			If line 18 (Taxable income) is –		And you are –			If line 18 (Taxable income) is –		And you are –		
At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately	At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately	At least	But less than	Single or Head of a household	Married filing jointly	Married filing separately
		Your tax is –					Your tax is –					Your tax is –		
11,000					17,000					23,000				
11,000	11,100	529	508	579	17,000	17,100	898	848	963	23,000	23,100	1,280	1,217	1,353
11,100	11,200	535	513	585	17,100	17,200	904	854	969	23,100	23,200	1,287	1,223	1,359
11,200	11,300	542	518	592	17,200	17,300	911	860	976	23,200	23,300	1,293	1,229	1,366
11,300	11,400	548	522	598	17,300	17,400	917	867	982	23,300	23,400	1,300	1,236	1,372
11,400	11,500	554	527	604	17,400	17,500	923	873	989	23,400	23,500	1,306	1,242	1,379
11,500	11,600	560	531	610	17,500	17,600	929	879	995	23,500	23,600	1,313	1,248	1,385
11,600	11,700	566	536	616	17,600	17,700	935	885	1,002	23,600	23,700	1,319	1,254	1,392
11,700	11,800	572	541	622	17,700	17,800	941	891	1,008	23,700	23,800	1,326	1,260	1,398
11,800	11,900	578	545	628	17,800	17,900	947	897	1,015	23,800	23,900	1,332	1,266	1,405
11,900	12,000	585	550	635	17,900	18,000	954	904	1,021	23,900	24,000	1,339	1,273	1,411
12,000					18,000					24,000				
12,000	12,100	591	554	641	18,000	18,100	960	910	1,028	24,000	24,100	1,345	1,279	1,418
12,100	12,200	597	559	647	18,100	18,200	966	916	1,034	24,100	24,200	1,352	1,285	1,424
12,200	12,300	603	564	653	18,200	18,300	972	922	1,041	24,200	24,300	1,358	1,291	1,431
12,300	12,400	609	568	659	18,300	18,400	978	928	1,047	24,300	24,400	1,365	1,297	1,437
12,400	12,500	615	573	665	18,400	18,500	984	934	1,054	24,400	24,500	1,371	1,303	1,444
12,500	12,600	621	577	672	18,500	18,600	990	940	1,060	24,500	24,600	1,378	1,309	1,450
12,600	12,700	628	582	678	18,600	18,700	997	947	1,067	24,600	24,700	1,384	1,316	1,457
12,700	12,800	634	587	684	18,700	18,800	1,003	953	1,073	24,700	24,800	1,391	1,322	1,463
12,800	12,900	640	591	690	18,800	18,900	1,009	959	1,080	24,800	24,900	1,397	1,328	1,470
12,900	13,000	646	596	696	18,900	19,000	1,015	965	1,086	24,900	25,000	1,404	1,334	1,476
13,000					19,000					25,000				
13,000	13,100	652	602	703	19,000	19,100	1,021	971	1,093	25,000	25,100	1,410	1,340	1,483
13,100	13,200	658	608	709	19,100	19,200	1,027	977	1,099	25,100	25,200	1,417	1,346	1,489
13,200	13,300	665	614	716	19,200	19,300	1,034	983	1,106	25,200	25,300	1,423	1,352	1,496
13,300	13,400	671	621	722	19,300	19,400	1,040	990	1,112	25,300	25,400	1,430	1,359	1,502
13,400	13,500	677	627	729	19,400	19,500	1,046	996	1,119	25,400	25,500	1,436	1,365	1,509
13,500	13,600	683	633	735	19,500	19,600	1,053	1,002	1,125	25,500	25,600	1,443	1,371	1,515
13,600	13,700	689	639	742	19,600	19,700	1,059	1,008	1,132	25,600	25,700	1,449	1,377	1,522
13,700	13,800	695	645	748	19,700	19,800	1,066	1,014	1,138	25,700	25,800	1,456	1,383	1,528
13,800	13,900	701	651	755	19,800	19,900	1,072	1,020	1,145	25,800	25,900	1,462	1,389	1,535
13,900	14,000	708	658	761	19,900	20,000	1,079	1,027	1,151	25,900	26,000	1,469	1,396	1,541
14,000					20,000					26,000				
14,000	14,100	714	664	768	20,000	20,100	1,085	1,033	1,158	26,000	26,100	1,475	1,402	1,548
14,100	14,200	720	670	774	20,100	20,200	1,092	1,039	1,164	26,100	26,200	1,482	1,409	1,554
14,200	14,300	726	676	781	20,200	20,300	1,098	1,045	1,171	26,200	26,300	1,488	1,415	1,561
14,300	14,400	732	682	787	20,300	20,400	1,105	1,051	1,177	26,300	26,400	1,495	1,422	1,567
14,400	14,500	738	688	794	20,400	20,500	1,111	1,057	1,184	26,400	26,500	1,501	1,428	1,574
14,500	14,600	744	694	800	20,500	20,600	1,118	1,063	1,190	26,500	26,600	1,508	1,435	1,580
14,600	14,700	751	701	807	20,600	20,700	1,124	1,070	1,197	26,600	26,700	1,514	1,441	1,587
14,700	14,800	757	707	813	20,700	20,800	1,131	1,076	1,203	26,700	26,800	1,521	1,448	1,593
14,800	14,900	763	713	820	20,800	20,900	1,137	1,082	1,210	26,800	26,900	1,527	1,454	1,600
14,900	15,000	769	719	826	20,900	21,000	1,144	1,088	1,216	26,900	27,000	1,534	1,461	1,606
15,000					21,000					27,000				
15,000	15,100	775	725	833	21,000	21,100	1,150	1,094	1,223	27,000	27,100	1,540	1,467	1,613
15,100	15,200	781	731	839	21,100	21,200	1,157	1,100	1,229	27,100	27,200	1,547	1,474	1,619
15,200	15,300	788	737	846	21,200	21,300	1,163	1,106	1,236	27,200	27,300	1,553	1,480	1,626
15,300	15,400	794	744	852	21,300	21,400	1,170	1,113	1,242	27,300	27,400	1,560	1,487	1,632
15,400	15,500	800	750	859	21,400	21,500	1,176	1,119	1,249	27,400	27,500	1,566	1,493	1,639
15,500	15,600	806	756	865	21,500	21,600	1,183	1,125	1,255	27,500	27,600	1,573	1,500	1,645
15,600	15,700	812	762	872	21,600	21,700	1,189	1,131	1,262	27,600	27,700	1,579	1,506	1,652
15,700	15,800	818	768	878	21,700	21,800	1,196	1,137	1,268	27,700	27,800	1,586	1,513	1,658
15,800	15,900	824	774	885	21,800	21,900	1,202	1,143	1,275	27,800	27,900	1,592	1,519	1,665
15,900	16,000	831	781	891	21,900	22,000	1,209	1,150	1,281	27,900	28,000	1,599	1,526	1,671
16,000					22,000					28,000				
16,000	16,100	837	787	898	22,000	22,100	1,215	1,156	1,288	28,000	28,100	1,605	1,532	1,678
16,100	16,200	843	793	904	22,100	22,200	1,222	1,162	1,294	28,100	28,200	1,612	1,539	1,684
16,200	16,300	849	799	911	22,200	22,300	1,228	1,168	1,301	28,200	28,300	1,618	1,545	1,691
16,300	16,400	855	805	917	22,300	22,400	1,235	1,174	1,307	28,300	28,400	1,625	1,552	1,697
16,400	16,500	861	811	924	22,400	22,500	1,241	1,180	1,314	28,400	28,500	1,631	1,558	1,704
16,500	16,600	867	817	930	22,500	22,600	1,248	1,186	1,320	28,500	28,600	1,638	1,565	1,710
16,600	16,700	874	824	937	22,600	22,700	1,254	1,193	1,327	28,600	28,700	1,644	1,571	1,717
16,700	16,800	880	830	943	22,700	22,800	1,261	1,199	1,333	28,700	28,800	1,651	1,578	1,723
16,800	16,900	886	836	950	22,800	22,900	1,267	1,205	1,340	28,800	28,900	1,657	1,584	1,730
16,900	17,000	892	842	956	22,900	23,000	1,274	1,211	1,346	28,900	29,000	1,664	1,591	1,736

2008 Tax Computation Worksheet – Line 19

Caution Use the Tax Computation Worksheet to figure your tax if your taxable income is \$100,000 or more.

→ **Section A** – Use if your filing status is **Single** or **Head of household**. Complete the row below that applies to you.

	(a)	(b)	(c)	(d)	(e)
Taxable income. If line 18 is –	Fill in the amount from line 18	Multiplication amount	Multiply (a) by (b)	Subtraction amount	Subtract (d) from (c). Fill in the result here and on Form 1, line 19
At least \$100,000 but less than \$145,460	\$	x 6.5% (.065)	\$	\$ 218.25	\$
\$145,460 or over	\$	x 6.75% (.0675)	\$	\$ 581.90	\$

→ **Section B** – Use if your filing status is **Married filing jointly**. Complete the row below that applies to you.

	(a)	(b)	(c)	(d)	(e)
Taxable income. If line 18 is –	Fill in the amount from line 18	Multiplication amount	Multiply (a) by (b)	Subtraction amount	Subtract (d) from (c). Fill in the result here and on Form 1, line 19
At least \$100,000 but less than \$193,950	\$	x 6.5% (.065)	\$	\$ 290.92	\$
\$193,950 or over	\$	x 6.75% (.0675)	\$	\$ 775.80	\$

→ **Section C** – Use if your filing status is **Married filing separately**. Complete the row below.

	(a)	(b)	(c)	(d)	(e)
Taxable income. If line 18 is –	Fill in the amount from line 18	Multiplication amount	Multiply (a) by (b)	Subtraction amount	Subtract (d) from (c). Fill in the result here and on Form 1, line 19
\$100,000 or over	\$	x 6.75% (.0675)	\$	\$387.99	\$

2008 Standard Deduction Table

Dependents or persons filing short-period returns or excluding income from U.S. Possessions, see page 21.

If your income (line 14 of Form 1) is –		And you are –				If your income (line 14 of Form 1) is –		And you are –			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your standard deduction is–						Your standard deduction is–			
0	8,610	8,960	16,140	7,660	11,570	31,000	31,500	6,760	13,545	3,182	7,443
8,610	9,000	8,960	16,140	7,621	11,570	31,500	32,000	6,700	13,446	3,083	7,330
9,000	9,500	8,960	16,140	7,533	11,570	32,000	32,500	6,640	13,347	2,984	7,218
9,500	10,000	8,960	16,140	7,435	11,570	32,500	33,000	6,580	13,248	2,886	7,105
10,000	10,500	8,960	16,140	7,336	11,570	33,000	33,500	6,520	13,150	2,787	6,993
10,500	11,000	8,960	16,140	7,237	11,570	33,500	34,000	6,460	13,051	2,688	6,880
11,000	11,500	8,960	16,140	7,138	11,570	34,000	34,500	6,400	12,952	2,589	6,768
11,500	12,000	8,960	16,140	7,039	11,570	34,500	35,000	6,340	12,853	2,490	6,655
12,000	12,500	8,960	16,140	6,940	11,570	35,000	35,500	6,280	12,754	2,391	6,542
12,500	13,000	8,960	16,140	6,841	11,570	35,500	36,000	6,220	12,655	2,292	6,430
13,000	13,500	8,920	16,140	6,742	11,496	36,000	36,500	6,160	12,556	2,193	6,317
13,500	14,000	8,860	16,140	6,643	11,383	36,500	37,000	6,100	12,457	2,094	6,205
14,000	14,500	8,800	16,140	6,545	11,271	37,000	37,500	6,040	12,358	1,996	6,092
14,500	15,000	8,740	16,140	6,446	11,158	37,500	38,000	5,980	12,260	1,897	5,980
15,000	15,500	8,680	16,140	6,347	11,045	38,000	38,500	5,920	12,161	1,798	5,920
15,500	16,000	8,620	16,140	6,248	10,933	38,500	39,000	5,860	12,062	1,699	5,860
16,000	16,500	8,560	16,140	6,149	10,820	39,000	39,500	5,800	11,963	1,600	5,800
16,500	17,000	8,500	16,140	6,050	10,708	39,500	40,000	5,740	11,864	1,501	5,740
17,000	17,500	8,440	16,140	5,951	10,595	40,000	40,500	5,680	11,765	1,402	5,680
17,500	18,000	8,380	16,140	5,852	10,483	40,500	41,000	5,620	11,666	1,303	5,620
18,000	18,500	8,320	16,116	5,753	10,370	41,000	41,500	5,560	11,567	1,204	5,560
18,500	19,000	8,260	16,017	5,655	10,257	41,500	42,000	5,500	11,468	1,106	5,500
19,000	19,500	8,200	15,918	5,556	10,145	42,000	42,500	5,440	11,370	1,007	5,440
19,500	20,000	8,140	15,820	5,457	10,032	42,500	43,000	5,380	11,271	908	5,380
20,000	20,500	8,080	15,721	5,358	9,920	43,000	43,500	5,320	11,172	809	5,320
20,500	21,000	8,020	15,622	5,259	9,807	43,500	44,000	5,260	11,073	710	5,260
21,000	21,500	7,960	15,523	5,160	9,695	44,000	44,500	5,200	10,974	611	5,200
21,500	22,000	7,900	15,424	5,061	9,582	44,500	45,000	5,140	10,875	512	5,140
22,000	22,500	7,840	15,325	4,962	9,469	45,000	45,500	5,080	10,776	413	5,080
22,500	23,000	7,780	15,226	4,863	9,357	45,500	46,000	5,020	10,677	314	5,020
23,000	23,500	7,720	15,127	4,765	9,244	46,000	46,500	4,960	10,578	216	4,960
23,500	24,000	7,660	15,028	4,666	9,132	46,500	47,000	4,900	10,480	117	4,900
24,000	24,500	7,600	14,930	4,567	9,019	47,000	47,500	4,840	10,381	18	4,840
24,500	25,000	7,540	14,831	4,468	8,906	47,500	48,000	4,780	10,282	0	4,780
25,000	25,500	7,480	14,732	4,369	8,794	48,000	48,500	4,720	10,183	0	4,720
25,500	26,000	7,420	14,633	4,270	8,681	48,500	49,000	4,660	10,084	0	4,660
26,000	26,500	7,360	14,534	4,171	8,569	49,000	49,500	4,600	9,985	0	4,600
26,500	27,000	7,300	14,435	4,072	8,456	49,500	50,000	4,540	9,886	0	4,540
27,000	27,500	7,240	14,336	3,973	8,344	50,000	50,500	4,480	9,787	0	4,480
27,500	28,000	7,180	14,237	3,874	8,231	50,500	51,000	4,420	9,688	0	4,420
28,000	28,500	7,120	14,138	3,776	8,118	51,000	51,500	4,360	9,590	0	4,360
28,500	29,000	7,060	14,040	3,677	8,006	51,500	52,000	4,300	9,491	0	4,300
29,000	29,500	7,000	13,941	3,578	7,893	52,000	52,500	4,240	9,392	0	4,240
29,500	30,000	6,940	13,842	3,479	7,781	52,500	53,000	4,180	9,293	0	4,180
30,000	30,500	6,880	13,743	3,380	7,668	53,000	53,500	4,120	9,194	0	4,120
30,500	31,000	6,820	13,644	3,281	7,556	53,500	54,000	4,060	9,095	0	4,060

Continued on next page

2008 Standard Deduction Table (continued from page 45)

If your income (line 14 of Form 1) is –		And you are –				If your income (line 14 of Form 1) is –		And you are –			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your standard deduction is–						Your standard deduction is–			
54,000	54,500	4,000	8,996	0	4,000	77,000	77,500	1,240	4,447	0	1,240
54,500	55,000	3,940	8,897	0	3,940	77,500	78,000	1,180	4,348	0	1,180
55,000	55,500	3,880	8,798	0	3,880	78,000	78,500	1,120	4,249	0	1,120
55,500	56,000	3,820	8,700	0	3,820	78,500	79,000	1,060	4,151	0	1,060
56,000	56,500	3,760	8,601	0	3,760	79,000	79,500	1,000	4,052	0	1,000
56,500	57,000	3,700	8,502	0	3,700	79,500	80,000	940	3,953	0	940
57,000	57,500	3,640	8,403	0	3,640	80,000	80,500	880	3,854	0	880
57,500	58,000	3,580	8,304	0	3,580	80,500	81,000	820	3,755	0	820
58,000	58,500	3,520	8,205	0	3,520	81,000	81,500	760	3,656	0	760
58,500	59,000	3,460	8,106	0	3,460	81,500	82,000	700	3,557	0	700
59,000	59,500	3,400	8,007	0	3,400	82,000	82,500	640	3,458	0	640
59,500	60,000	3,340	7,908	0	3,340	82,500	83,000	580	3,359	0	580
60,000	60,500	3,280	7,810	0	3,280	83,000	83,500	520	3,261	0	520
60,500	61,000	3,220	7,711	0	3,220	83,500	84,000	460	3,162	0	460
61,000	61,500	3,160	7,612	0	3,160	84,000	84,500	400	3,063	0	400
61,500	62,000	3,100	7,513	0	3,100	84,500	85,000	340	2,964	0	340
62,000	62,500	3,040	7,414	0	3,040	85,000	85,500	280	2,865	0	280
62,500	63,000	2,980	7,315	0	2,980	85,500	86,000	220	2,766	0	220
63,000	63,500	2,920	7,216	0	2,920	86,000	86,500	160	2,667	0	160
63,500	64,000	2,860	7,117	0	2,860	86,500	87,000	100	2,568	0	100
64,000	64,500	2,800	7,018	0	2,800	87,000	87,500	40	2,469	0	40
64,500	65,000	2,740	6,919	0	2,740	87,500	88,000	0	2,371	0	0
65,000	65,500	2,680	6,821	0	2,680	88,000	88,500	0	2,272	0	0
65,500	66,000	2,620	6,722	0	2,620	88,500	89,000	0	2,173	0	0
66,000	66,500	2,560	6,623	0	2,560	89,000	89,500	0	2,074	0	0
66,500	67,000	2,500	6,524	0	2,500	89,500	90,000	0	1,975	0	0
67,000	67,500	2,440	6,425	0	2,440	90,000	90,500	0	1,876	0	0
67,500	68,000	2,380	6,326	0	2,380	90,500	91,000	0	1,777	0	0
68,000	68,500	2,320	6,227	0	2,320	91,000	91,500	0	1,678	0	0
68,500	69,000	2,260	6,128	0	2,260	91,500	92,000	0	1,579	0	0
69,000	69,500	2,200	6,029	0	2,200	92,000	92,500	0	1,481	0	0
69,500	70,000	2,140	5,931	0	2,140	92,500	93,000	0	1,382	0	0
70,000	70,500	2,080	5,832	0	2,080	93,000	93,500	0	1,283	0	0
70,500	71,000	2,020	5,733	0	2,020	93,500	94,000	0	1,184	0	0
71,000	71,500	1,960	5,634	0	1,960	94,000	94,500	0	1,085	0	0
71,500	72,000	1,900	5,535	0	1,900	94,500	95,000	0	986	0	0
72,000	72,500	1,840	5,436	0	1,840	95,000	95,500	0	887	0	0
72,500	73,000	1,780	5,337	0	1,780	95,500	96,000	0	788	0	0
73,000	73,500	1,720	5,238	0	1,720	96,000	96,500	0	689	0	0
73,500	74,000	1,660	5,139	0	1,660	96,500	97,000	0	591	0	0
74,000	74,500	1,600	5,041	0	1,600	97,000	97,500	0	492	0	0
74,500	75,000	1,540	4,942	0	1,540	97,500	98,000	0	393	0	0
75,000	75,500	1,480	4,843	0	1,480	98,000	98,500	0	294	0	0
75,500	76,000	1,420	4,744	0	1,420	98,500	99,000	0	195	0	0
76,000	76,500	1,360	4,645	0	1,360	99,000	99,500	0	96	0	0
76,500	77,000	1,300	4,546	0	1,300	99,500	99,736	0	23	0	0
						99,736	or over	0	0	0	0