

SPECIAL INSTRUCTIONS FOR TAXPAYERS WHO CLAIM ESTIMATED TAX PAYMENTS

Taxpayers can look up their estimated payments before filing their return at the department's web site at:

<https://ww2.revenue.wi.gov/PaymentInquiry/application>.

SPECIAL INSTRUCTIONS FOR FORM 1A

Taxpayers who are members of the Reserves or National Guard receiving military pay after being called into active federal service or into special state service may not e-file a Form 1A.

Taxpayers who received interest on state or municipal bonds may not e-file a Form 1A.

In both circumstances the taxpayer must file a Form 1 which allows subtraction/addition modifications for both situations.

If the taxpayer e-files the Form 1A their return may be erroneously adjusted to not allow the modifications. Federal consistency checks prevent certain lines on the federal return from differing on the Wisconsin return.

SPECIAL INSTRUCTIONS FOR TUITION SUBTRACTION

For taxable years beginning in 2009, the maximum Wisconsin subtraction for the amount paid for tuition and mandatory student fees is increased from \$5,114 to \$6,000 (per student).

The tuition and fees must have been paid to attend classes in Wisconsin at a university, college, or technical college or other post-secondary school or classes in Minnesota at a public vocational school or institution of higher education under the Minnesota-Wisconsin tuition reciprocity agreement.

The subtraction is phased out for persons with federal adjusted gross income between \$50,000 and \$60,000 if single or head of household; \$80,000 and \$100,000 if married filing a joint return; or \$40,000 and \$50,000 if married and filing a separate return.

For complete information on the subtraction for tuition and mandatory student fees, see the instructions for the 2009 Form 1 (full-year residents) or Form 1NPR (part-year residents and nonresidents).

Tuition Expense Worksheet

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|---------------------------------------------------------------------------------------------------------------|----------|
| 1. Amount paid for tuition in 2009. Do not fill in more than \$6,000 per student..... | 1. _____ |
| 2. Fill in the amount from line 1 of Form 1 | 2. _____ |
| 3. Fill in \$50,000 (\$80,000 if married filing joint return or 40,000 if married filing separate return..... | 3. _____ |
| 4. Subtract line 3 from line 2 | 4. _____ |
| 5. Divide the amount on line 4 by 10,000 (20,000 if married filing joint return). Fill in decimal amount..... | 5. _____ |
| 6. Multiply line 1 by the decimal amount on line 5..... | 6. _____ |
| 7. Subtract line 6 from line 1. This is your subtraction for tuition expense* | 7. _____ |

SPECIAL INSTRUCTIONS FOR FORM 1NPR

- The Legal Residence (Domicile) Questionnaire will need to be completed if the taxpayer or spouse is a part year resident moving out of Wisconsin.
- Form 1NPR *Nonresident and part-year resident Wisconsin income tax* requires a residency status indicated for both spouses if the filing status is Married Filing Joint, Married Filing Separate, or Head of Household Married.
- Only non-residents, part-year residents, and full year residents filing joint with a non-resident or part-year resident **that are limited to the following income, deductions, and credits** may file Form 1NPR electronically:
 - Wisconsin wages, salaries, tips, etc. (Field 900)
 - Taxable interest (Field 520)
 - Ordinary dividends (Field 525)
 - Standard deduction (Field 710))
 - Deduction for exemptions (Field 720)
 - Itemized deduction credit (Field 400)
 - School property tax credit (Field 425)
 - Armed forces member credit if full year resident only (Field 730)
 - Working families tax credit if full year resident only (Field 670)
 - Married couple credit if the only income is on line 1 of Schedule 2 (Field 450)

- Wisconsin income tax withheld (Field 495)
- Wisconsin estimated tax paid and amount applied from prior years return (Field 500)
- If the taxpayer was a member of the U.S. uniformed services, they should not include military compensation on line 1 column B (federal column) Form 1NPR that was received during a period of time in which they were a nonresident of Wisconsin. **This does not apply to Wisconsin residents who are stationed outside Wisconsin.**

Form instructions: If the taxpayer meets this exception, fill in “09” in the Special Conditions box on page 1 of Form 1NPR. Fill in the amount of military compensation on the line next to the box.

SPECIAL INSTRUCTIONS FOR CERTAIN SCHEDULES

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|---------------|---------------|---------------|
| ▪ Schedule DC | ▪ Schedule ED | ▪ Schedule MI |
| ▪ Schedule DI | ▪ Schedule FC | ▪ Schedule MP |
| ▪ Schedule DM | ▪ Schedule FP | ▪ Schedule OS |
| ▪ Schedule EB | ▪ Schedule HR | ▪ Schedule TC |
| ▪ Schedule EC | ▪ Schedule IE | ▪ Schedule VC |

1. Form W-RA must be mailed or submitted electronically when claiming a credit for Schedules DC, DI, DM, EB, EC, ED, FC, FP, HR, IE, MI, MP, OS, TC, and VC. All certifications and other supporting documentation for each schedule must be attached.
2. Taxpayers claiming the Historic Rehabilitation Credit passed thru from an S-Corporation or a Partnership may not e-file as these taxpayers are not required to file the Schedule HR.

SPECIAL INSTRUCTIONS FOR RESERVE OR NATIONAL GUARD MEMBERS

Taxpayers that are in the Reserves or National Guard and served on active duty, should not include any military pay in Wisconsin income that is included on their W-2 and that was:

1. received from the federal government,
2. received after being called into active federal service or into special state service authorized by the federal Department of Defense, and
3. paid for a period of time during which the taxpayer was on active duty.

This only applies to members of the Reserves or National Guard who are called into active federal service under 10 USC 12302(a) or 10 USC 12304 or into special state service under 32 USC 502(f).

However, it does not apply to pay that members of the Reserves and National Guard receive for weekend and 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.

Form instructions:

Form 1NPR filers should subtract this income from their Wisconsin W-2 income for line 1 (column A), and fill in “14” in the Special Conditions box on page 1 of Form 1NPR.

Form 1 filers claiming this subtraction, fill in subtraction code "20" and the amount on line 11 of page 1 of Form 1.

If taxpayers are eligible for this subtraction, they also must subtract this income from line 1 on Schedule 2 (Married Couple Credit).

SPECIAL INSTRUCTIONS FOR RESIDENT TAXPAYERS WITH FEDERAL 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).

Form instructions:

Form 1 filers subject to any of the above federal taxes for 2009, 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.

Form 1NPR resident filers subject to any of the above federal taxes for 2009, fill in the total of such taxes in the space provided on line 65. Multiply the amount filled in by .33 (33%) and fill in the result on line 65.

Note Taxpayers are not subject to the penalty on payments from certain retirement plans if the payments are exempt from Wisconsin tax. See form instructions for information on retirement payments that are exempt from Wisconsin tax and to which the penalty does not apply.

If the taxpayer was a Wisconsin resident at the time the distribution was received, it is subject to this penalty. Be sure to include the distribution as income as well.

SPECIAL INSTRUCTIONS FOR 2009 TAXATION OF UNEMPLOYMENT COMPENSATION

For Federal income tax purposes, Public Law 111-5, enacted February 17, 2009, provided that for 2009, the first \$2,400 of unemployment compensation is excluded from income. This provision of federal law was not adopted for Wisconsin.

For Wisconsin income tax purposes, the amount of taxable unemployment compensation is the lesser of (1) the total unemployment compensation received in 2009, or (2) one-half of the amount by which federal adjusted gross income

less certain adjustments exceeds \$18,000 (\$12,000 if single or married and did not live with your spouse at any time during the year, or -0- if married and lived with your spouse at any time during the year).

A worksheet for determining the amount of unemployment compensation taxable to Wisconsin is provided in the instructions for the income tax forms. When determining taxable unemployment compensation, the taxpayer must enter his or her federal adjusted gross income on the worksheet.

Because of the definition of the Internal Revenue Code provided under Wisconsin law, the amount to enter on the worksheet as federal adjusted gross income cannot be taken directly from the taxpayer's federal income tax return. For example, the Wisconsin definition of the Internal Revenue Code does not include the exclusion for the first \$2,400 of unemployment compensation, the deduction for educator expenses, or the deduction for tuition and fees.

Taxpayers who file Wisconsin Form 1 or Form 1NPR are required to complete Wisconsin Schedule I, *Adjustments to Convert 2009 Federal Adjusted Gross Income and Itemized Deductions to the Amounts Allowable for Wisconsin*. This schedule will recompute federal adjusted gross income to account for the differences between federal and Wisconsin law. This recomputed federal adjusted gross income is the amount to enter on the worksheet as federal adjusted gross income.

Taxpayers who file Wisconsin Form 1A do not have to complete Schedule I. However, when completing the unemployment compensation worksheet, they still must recompute federal adjusted gross income to account for the differences in federal and Wisconsin law. Therefore, the amount to enter on the worksheet is the federal adjusted gross income as shown on the federal return plus the amount of unemployment compensation excluded from federal income, the amount of any federal educator expense deduction, and the amount of any federal tuition and fees deduction.

SPECIAL INSTRUCTIONS FOR NEW SCHEDULE U WORKSHEETS

There are two new Under Payment Interest exception codes for 2009. Since field number 320-1 is only one character in length and the new UPI exception codes are two characters in length, you should only transmit one character as follows for these codes:

- 10 – Federally declared disaster or terroristic activity **Transmit 0**
- 11 – Schedule U worksheet 1 for capital gain exclusion completed **Transmit 1**

Field 320-1 was not expanded to accommodate two characters because it was not determined until after testing began for this year that these new codes would be necessary.

NOTE: If you submit the two-character code in error, it will adversely affect the Special Condition Codes (field 320-2).