CAUTION:

At the time these instructions were posted to the Internet (December 15, 2017), Congress was still in session. If any federal laws that affect 2017 returns are enacted later this year or in January, 2018, any additional differences will be added to the instructions.

In addition, some of the items listed in these instructions have expired for federal tax purposes. The descriptions of the expired provisions are shaded in grey. If Congress subsequently extends these provisions, the Schedule I instructions will be adjusted accordingly. Even though extended for federal purposes, the provisions will not apply for Wisconsin for 2017.

Instructions for Completing Wisconsin Schedule I – 2017

General Instructions

Introduction – Generally, the Wisconsin Statutes require that the computation of taxable income on the 2017 Wisconsin income tax return is to be based on the Internal Revenue Code enacted as of December 31, 2016. Changes made to the Internal Revenue Code enacted after December 31, 2016, do not apply for Wisconsin income tax purposes unless adopted by Wisconsin law.

Wisconsin law also provides that certain provisions of federal law do not apply for Wisconsin purposes (even though the provisions were enacted into federal law prior to December 31, 2016). Some of those provisions are:

- Domestic production activities deduction
- Exclusion for small business stock
- Special depreciation allowance

As a result, certain income and deduction items may be different for Wisconsin and federal purposes. Any difference must be adjusted on this schedule. A description of each item requiring adjustment can be found in the **Line Instructions for Part I**.

Who Must File – If the computation of your federal adjusted gross income or itemized deductions reflects any of the differences in Wisconsin and federal law for 2017, you must complete this schedule and attach it to your Wisconsin income tax return, Form 1 or Form 1NPR.

To the extent Schedule I adjustments in a prior year affect income or expense items in 2017 (for example, the depreciation difference related to bonus depreciation did not apply for 2014-2016), you must also make adjustments on Schedule I for 2017.

It also may be necessary to prepare a 2017 Schedule I to adjust the amount of gain or loss reportable from sales of certain assets during 2017 (for example, gain from the sale of certain small business stock is taxable for Wisconsin but not for federal tax purposes). See the line instructions for information on the provisions of federal law that do not apply for Wisconsin.

Using a Different Federal Election for Wisconsin – Various elections are available under the federal Internal Revenue Code (IRC). When an election is available, a taxpayer may choose one election for federal tax purposes and a different election for Wisconsin. For example, a taxpayer may elect to claim different amounts of IRC sec. 179 expense for federal and Wisconsin tax purposes.

Either of the following two methods may be used to claim a different election for Wisconsin and federal tax purposes.

- Prepare a pro forma federal return based on the election chosen for Wisconsin. This pro forma return is to be attached to the Wisconsin Form 1 or Form 1NPR instead of the actual return filed for federal tax purposes.
- Make the election using Wisconsin Schedule I, *Adjustments to Convert 2017 Federal Adjusted Gross Income and Itemized Deductions to the Amounts Allowable for Wisconsin*.

Example: For federal tax purposes you claim the credit under sec. 45E of the Internal Revenue Code (IRC) for 50 percent of the startup costs of a small employer pension plan. When claiming the credit, you must reduce your deduction for that portion of the startup costs equal to the credit. However, 45E(e)(3), IRC, provides an election to not claim the credit. Because an election is available, you may elect to not claim the credit on your federal return and instead claim the deduction for the startup costs. Use either of the two methods listed above to make a different election for Wisconsin purposes.

Be sure to also adjust any other items on your federal return that are affected by the election. For example, if you claim a different election for sec. 179 expense, this would also affect the amount of depreciation allowed and your depreciation deduction should also be adjusted. In addition, a change in your federal adjusted gross income (FAGI) would also affect itemized deductions that are limited by FAGI. See **Instructions for Part II**.

Partners, Beneficiaries of Estates and Trusts, and Shareholders of Tax-Option (S) Corporations – The income and deduction items computed on the Wisconsin returns of partnerships, estates and trusts, and tax-option (S) corporations may also be affected by the differences between Wisconsin and federal law for 2017. As a result, the distributive shares of these items which are reportable on the individual Wisconsin income tax returns of the respective partners, beneficiaries, and shareholders may differ for Wisconsin and federal income tax purposes. Such partners, beneficiaries, and shareholders should receive notification from the partnership, estate or trust, or tax-option (S) corporation of the amounts reportable for Wisconsin purposes. By comparing the amounts reportable for Wisconsin and federal purposes, the partner, beneficiary, or shareholder should determine the items which differ and make the appropriate adjustments.

Note: When adjusting income or expenses of an entity, additional items may also require adjustment. For example, adjusting depreciation allowed to a partnership would change the amount of income or loss from the entity. If the entity is subject to the passive activity limitations, federal Form 8582, *Passive Activity Loss Limitations,* would need to be recomputed for Wisconsin to substitute the Wisconsin partnership information for the amount determined on the federal Form 8582. Any difference in the amount of passive activity loss allowed for federal tax purposes and the amount allowed from the recomputed Form 8582 would also be a Schedule I adjustment. Any other federal schedules or forms affected by the Schedule I adjustment should also be recomputed (for example, Schedule E) and attached to the Wisconsin return. Mark these recomputed forms or schedules "Revised for Wisconsin."

Specific Instructions

Following are brief explanations of differences between federal and Wisconsin law (numbered to correspond with the line numbers on Schedule I.)

The "Federal" explanation indicates how an item is to be treated for federal income tax purposes as of December 31, 2017. The "Wisconsin" explanation indicates how the item is to be treated for Wisconsin.

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

Note When an adjustment is made on the lines below, this may affect other amounts which must then also be adjusted. For example, the amount of social security includable in federal adjusted gross income may be affected when an adjustment is made to an income item. The adjustment to social security includable in federal adjusted gross income should be reported on one of the "other" lines, as appropriate.

Line Instructions for Part I

Line 1

Fill in your 2017 federal adjusted gross income (FAGI) from line 37 of your federal Form 1040 (line 21 of Form 1040A). If your FAGI is a loss, place a minus sign (-) in front of the number.

Line 2a through 2c

Enter any additions to income due to the difference between federal and Wisconsin law on the corresponding line for the adjustments below.

Line 2a - Domestic Production Activities Deduction

(a) Federal – The deduction is allowed for 9% of qualified production activities income. (Public Law 108-357).

(b) Wisconsin – The domestic production activities deduction is not allowable for Wisconsin.

Line 2b- Reserved

Note: The federal deduction for tuition and fees expired on December 31, 2016. This line is reserved to be completed if this provision is extended by Congress.

(a) Federal – The deduction for up to $4,000 of qualified tuition and fees paid during the taxable year in connection with enrollment at an institute of higher education is extended through December 31, 2016. (Public Law 114-113).

(b) Wisconsin – The federal deduction for up to $4,000 of qualified tuition and fees does not apply for Wisconsin.

Note: Although the federal deduction for tuition and fees cannot be claimed for Wisconsin, you may qualify for a tuition deduction provided by Wisconsin law. If you claim the federal tuition and fees deduction, you must complete Schedule I to remove the federal deduction. See page 19 of the Form 1 or page 26 of the Form 1NPR instructions for more information on the Wisconsin deduction for tuition paid.

Line 2c - Reserved

Note: The federal exclusion for discharge of indebtedness on principal residence expired on December 31, 2016. This line is reserved to be completed if this provision is extended by Congress.

(a) Federal – Gross income does not include any amount which would be includable in gross income by reason of discharge of indebtedness if the indebtedness discharged is qualified principal residence indebtedness which is discharged before January 1, 2017. (Public Law 114-113).

(b) Wisconsin – The exclusion from gross income for income from discharge of indebtedness on a qualified principal residence does not apply for Wisconsin.

Lines 2d and 4b - Depreciation

Complete these lines only if there is a difference in the amount of depreciation allowed for federal income tax purposes and for Wisconsin tax purposes based on the Wisconsin definition of the Internal Revenue Code. For example, you would have a difference in depreciation if you claimed the federal special 50 percent additional depreciation for assets placed in service in 2017.

In addition, if you had a depreciation difference on Schedule I for property placed in service on or after January 1, 2014 (or the first day of your taxable year beginning in 2014), you will continue to have a difference in depreciation to report on Schedule I each year until the property is fully depreciated or until you sell or otherwise dispose of the property.

To adjust for any difference, you must first add back your federal depreciation by entering the federal amount on line 2d of Schedule I. You may then subtract the revised depreciation allowed for Wisconsin on line 4b.

Complete a revised federal Form 4562 and any accompanying forms and schedules. Mark these revised forms and schedules "Revised for Wisconsin."

The following differences in the Wisconsin and federal definition of the Internal Revenue Code apply for 2017:

Special Depreciation Allowance

(a) Federal – A special 50% depreciation allowance applies to certain property placed in service during 2017. The special depreciation is phased down for 2018 and 2019. For 2017, the special allowance applies to certain plants bearing fruit and nuts. (Public Law 114-113).

(b) Wisconsin – The federal 50% depreciation allowance does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Film and Television Productions

(a) Federal – For productions commencing before January 1, 2017, a taxpayer may elect to treat the cost of any qualified film or television production as an expense which is not chargeable to a capital account. (Public Law 114-113).

(b) Wisconsin – The federal expensing of a film or television production does not apply for Wisconsin.

Qualified Leasehold Improvements and Qualified Restaurant and Retail Improvement Property

(a) Federal – A 15-year recovery period applies for qualified leasehold improvement property and qualified restaurant property. (Public Law 114-113).

(b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Depreciation for Cellulosic Fuel Ethanol Plant Property

(a) Federal – The depreciation deduction for cellulosic fuel ethanol plant property shall include an allowance equal to 50% of the adjusted basis of such property placed in service before January 1, 2017. (Public Law 114-113).

(b) Wisconsin – This provision does not apply for Wisconsin. Depreciation for cellulosic biomass ethanol plant property is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Depreciation of Race Horses

(a) Federal – Race horses placed in service before January 1, 2017, are treated as three year property. A race horse placed in service after December 31, 2016, and which is more than 2 years old at the time placed in service by the purchaser, is treated as 3-year property. (Public Law 114-113).

(b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Accelerated Depreciation for Indian Reservation Property

(a) Federal – The provision allowing accelerated depreciation for business property on Indian reservations is extended through December 31, 2016. (Public Law 114-113).

(b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Motorsports Racing Track Facility

(a) Federal – The seven-year cost recovery period for motorsports entertainment complexes is extended through December 31, 2016. (Public Law 114-113).

(b) Wisconsin – This provision does not apply for Wisconsin. Depreciation is determined under the provisions of the Internal Revenue Code in effect on January 1, 2014.

Lines 2e, 2g, 4c and 4e - Capital Gains and Losses from Form 1040, Line 13

Complete these lines only if there is a difference in the amount of capital gains or losses allowed for federal and Wisconsin income tax purposes based on the Wisconsin definition of the Internal Revenue Code.

Note On January 1, 2014 (or the first day of your taxable year beginning in 2014) the Wisconsin basis of all depreciable or amortizable assets placed in service before January 1, 2014, is the same as the federal basis. If you reported a federal gain or loss on the sale or disposition of an asset that was placed in service prior to that date, no adjustment is to be made on Schedule I to account for differences in the amount of depreciation or amortization claimed on Schedule I in prior years.

The gain or loss reportable from a sale may differ for Wisconsin and federal purposes due to Schedule I adjustments made in the current year or a prior year.

To properly report such gain or loss on your Wisconsin return, you must first remove all gain or loss included on line 13 of your federal Form 1040. This is done by filling in line 2e or 4e. If the amount on line 13 of Form 1040 is a gain, fill in that amount on line 4e of Schedule I. If the amount on line 13 of Form 1040 is a loss, fill in that amount as a positive number on line 2e of Schedule I.

Next, complete a revised federal Schedule D and Form 8949 and any accompanying forms and schedules. Mark these revised forms and schedules “Revised for Wisconsin.”

If the revised forms show a capital gain on line 13 of Form 1040, fill in the revised gain on line 2g of Schedule I. If the revised forms show a capital loss on line 13 of Form 1040, fill in the revised loss on line 4c of Schedule I as a positive number.

Enclose the revised federal Schedule D and Form 8949 and any accompanying forms and schedules with Form 1 or Form 1NPR.

CAUTION The amount on line 2g must also be included on Wisconsin Schedule WD, line 29a. The amount on line 4c must also be included on Wisconsin Schedule WD, line 29e.

The following differences in the Wisconsin and federal definition of the Internal Revenue Code apply for 2017:

Small Business Stock

(a) Federal – An exclusion is allowed for 50% (75% for stock acquired after February 17, 2009, and on or before September 27, 2010, and 100% for stock acquired after September 27, 2010) of the gain from the sale or exchange of qualified small business stock acquired after August 10, 1993, and held for more than five years. A 60% exclusion applies for qualified small business stock for an entity in an empowerment zone. (Public Law 114-113).

(b) Wisconsin – Gain from the 2017 sale or exchange of qualified small business stock is included in gross income. Wisconsin adopted the federal exclusion for gain from small business stock as provided in the Internal Revenue Code as amended to December 31, 2012. The Wisconsin adoption of the federal exclusion applies for stock acquired after December 31, 2013, and held for more than 5 years.

District of Columbia Investments

(a) Federal – Gross income does not include qualified capital gain from the sale or exchange of any DC Zone asset acquired after January 1, 1998, and before January 1, 2012 and held for more than five years. (Public Law 111-312).

(b) Wisconsin – Capital gain from the sale or exchange of DC Zone assets is included in Wisconsin income.

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

(a) Federal – For sales and dispositions before January 1, 2017, taxpayers may elect to recognize gain from qualifying electric transmission transactions ratably over an eight-year period if the amount realized is used to purchase exempt utility property. (Public Law 114-113).

(b) Wisconsin – Gain is recognized to the extent the sales price (and any other consideration received) exceeds the seller's basis in the property, unless the gain is deferred or not recognized under another tax provision.

Empowerment Zone Tax Incentives

(a) Federal – The empowerment zone tax incentives are extended through December 31, 2016. This includes a wage credit, increased section 179 expensing, expanded tax-exempt financing, elective rollover of capital gain from the sale or exchange of any qualified empowerment zone asset, and partial exclusion of capital gains on certain small business stock. (Public Law 114-113).

(b) Wisconsin – With the exception of increased section 179 expensing, the extension for empowerment zone tax incentives does not apply for Wisconsin.

Lines 2f, 2h, 4d, and 4f - Ordinary Gains and Losses from Form 1040, Line 14

Complete these lines only if there is a difference in the amount of ordinary gain or loss allowed for federal and Wisconsin income tax purposes based on the Wisconsin definition of the Internal Revenue Code.

To properly report such gain or loss on your Wisconsin return, you must first remove all ordinary gain or loss reported on line 14 of your federal Form 1040. This is done by filling in line 2f or 4f. If the amount on line 14 of Form 1040 is a gain, fill in that amount on line 4f of Schedule I. If the amount on line 14 of Form 1040 is a loss, fill in that amount as a positive number on line 2f of Schedule I.

Next, complete a revised federal Form 4797, Form 4684, and any accompanying forms and schedules. Mark these revised forms and schedules "Revised for Wisconsin."

If the revised forms show an ordinary gain for Wisconsin on line 14 of Form 1040, fill in the revised gain on line 2h. If the revised forms show an ordinary loss for Wisconsin, fill in the revised loss on line 4d as a positive number.

Enclose the revised federal Form 4797, Form 4684 and any accompanying forms and schedules with Form 1 or Form 1NPR.

Lines 2i, j, and k and 4g, h and i - Other

These lines are used to report any other differences between the amounts allowed for federal and Wisconsin income tax purposes based on the Wisconsin definition of the Internal Revenue Code. They are also used to report other items that need to be adjusted because of other Internal Revenue Code adjustments. For example, passive activity losses may have to be adjusted because of a depreciation adjustment. Enter a description of the item being adjusted on the lines provided.

If the difference between the federal amount and the Wisconsin amount results in an increase in income, the amount of the adjustment is an addition to Wisconsin income and is reported on lines 2i, j, or k. If the difference between the federal amount and the Wisconsin amount results in a decrease in Wisconsin income, the amount of the adjustment is a subtraction from income and is reported on lines 4g, h, or i as a positive number.

Note: When determining the difference between the federal amount and the Wisconsin amount and you are adjusting an income amount, treat the amounts as positive numbers. If you are adjusting an expense item (for example, amounts claimed as Adjustments to Income on lines 23 through 35 of federal Form 1040), treat the amounts as negative numbers.

Lines 2i, j, and k

- If the federal amount and the Wisconsin amount are positive numbers (or one number is a positive number and the other number is zero) and the Wisconsin amount is larger than the federal amount, subtract the federal amount from the Wisconsin amount. Fill in the difference as an addition on lines 2i, j, or k.
- If the federal amount and the Wisconsin amount are negative numbers (or one number is a negative number and the other number is zero) and the federal amount is larger than the Wisconsin amount, subtract the Wisconsin amount from the federal amount. Fill in the difference as an addition on lines 2i, j, or k. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the federal and Wisconsin amounts.
- If the federal amount is negative and the Wisconsin amount is positive, add the federal amount and Wisconsin amount together, treating both numbers as positive numbers. Fill in the result as an addition on lines 2i, j, or k.

Lines 4g, h, and i

- If the federal amount and the Wisconsin amount are positive numbers (or one number is a positive number and the other number is zero) and the federal amount is larger than the Wisconsin amount, subtract the Wisconsin amount from the federal amount. Fill in the difference as a subtraction on lines 4g, h, or i as a positive number.
- If the federal amount and the Wisconsin amount are negative numbers (or one number is a negative number and the other number is zero) and the Wisconsin amount is larger than the federal amount, subtract the federal amount from the Wisconsin amount. Fill in the difference as a subtraction on lines 4g, h, or i as a positive number. Treat both amounts as if they were positive numbers when figuring which amount is larger and when subtracting the federal and Wisconsin amounts.
- If the Wisconsin amount is negative and federal amount is positive, add the Wisconsin and federal amount together, treating both numbers as positive numbers. Fill in the result as a subtraction on lines 4g, h, or i as a positive number.

The following differences in the Wisconsin and federal definition of the Internal Revenue Code apply for 2017:

Federal Farm Loss Limitations

(a) Federal – The amount of farm losses that may be used to reduce other non-farming business income is limited to the greater of $300,000 or the net farm income for the previous five years if the taxpayer receives any direct or counter-cyclical payments under Title I of the Food, Conservation, and Energy Act of 2008 or Commodity Credit Corporation loans. Any disallowed loss is treated as a deduction of the taxpayer attributable to farming business in the next taxable year. (Public Law 110-246)

(b) Wisconsin – This farm loss limitation does not apply for Wisconsin.

Nonqualified Deferred Compensation from Certain Tax Indifferent Parties

(a) Federal – Nonqualified deferred compensation plans maintained by foreign corporations will generally become taxable, unless the compensation is deferred 12 months or less after the end of the year that the compensation vests. The tax can also apply to partnerships with foreign partners. Deferred compensation will be taxable when the amount is determinable. (Public Law 110-343).

(b) Wisconsin – This provision does not apply for Wisconsin. The treatment of nonqualified deferred compensation is determined under the provisions of the Internal Revenue Code in effect on December 31, 2007.

Income Sourcing of Guarantees

(a) Federal – Amounts received for guarantees of indebtedness is U.S. source income if paid by a U.S. person or by a foreign person where effectively connected to the conduct of trade or business in the U.S. (Public Law 111-240).

(b) Wisconsin – This provision does not apply for Wisconsin. The treatment of guarantees of indebtedness is determined under the provisions of the Internal Revenue Code in effect on December 31, 2009.

Rollovers of Bankruptcy Payments

(a) Federal – Qualified airline employees may contribute airline bankruptcy payment amounts to a traditional IRA as a rollover contribution. (Public Law 112-95).

(b) Wisconsin – Airline bankruptcy payment amounts may not be contributed to a traditional IRA as a rollover contribution.

Tax-Favored Withdrawal from Retirement Plans for Hurricane Harvey, Irma, and Maria Relief

(a) Federal – For distributions on or after August 23, 2017 for Hurricane Harvey, September 4, 2017 for Hurricane Irma, and September 16, 2017 for Hurricane Maria, and before January 1, 2019, hurricane victims may withdraw up to $100,000 from a qualified retirement plan without penalty. Taxpayers who are able to repay the distributions have three years to repay the funds to qualify for rollover treatment. Otherwise, they will be taxed on their distribution over three years. (Public Law 115-63)

(b) Wisconsin – Early distributions from a qualified retirement plan are included in Wisconsin gross income and are subject to a penalty.

Recontributions of Withdrawal for Home Purchase

(a) Federal – Taxpayers who withdrew funds from a qualified retirement plan after February 28, 2017 and before September 21, 2017, for a first-time home purchase, but who could not complete that purchase because of Hurricanes Harvey, Irma, or Maria, may put the funds back in their qualified retirement plan without penalty. (Public Law 115-63)

(b) Wisconsin – The treatment of distributions from a qualified retirement plan is determined under the provisions of the Internal Revenue Code as amended to December 31, 2016.

Loans from Qualified Plans

(a) Federal – For loans made after August 23, 2017 for Hurricane Harvey, September 4, 2017 for Hurricane Irma, and September 16, 2017 for Hurricane Maria, and before December 31, 2018, hurricane victims can borrow up to $100,000 from a qualified employer plan. Any required payment due date for outstanding loans may be delayed for one year. (Public Law 115-63)

(b) Wisconsin – The maximum amount that may be borrowed from a qualified employer plan is $50,000. The treatment of loans is determined under the provisions of the Internal Revenue Code as amended to December 31, 2016.

Line 2L

Add the amounts on lines 2a through 2k. Fill in the total on line 2L.

Line 3

If the amount on line 1 is a positive amount, add the amounts on line 1 and line 2L. Fill in the total as a positive number on line 3.

CAUTION If the amount on line 1 is a negative amount, treat the amount as a positive amount and figure the amount for line 3 as follows:

- If the amount on line 1 is greater than the amount on line 2L, subtract line 2L from line 1 and fill in the result as a negative number on line 3.
- If the amount on line 1 is less than the amount on line 2L, subtract line 1 from line 2L and fill in the result as a positive number on line 3.

Line 4

Enter, as a positive amount, any subtraction from income due to the difference between federal and Wisconsin law on the corresponding line for the adjustment listed below.

Line 4a - Health Savings Accounts Adjustment

(a) Federal – Certain individuals may establish health savings accounts. A deduction is allowed for contributions to the account. Amounts contributed by an employer to an employee's account are excluded from the employee's gross income. (Public Laws 108-173 and 109-432)

(b) Wisconsin – The federal provisions relating to health savings accounts (HSAs) apply for Wisconsin for 2017. However, an adjustment may be required if you had an HSA prior to 2011 and you were not allowed a deduction for Wisconsin for contributions to that account and you reported the earnings on the account as income. If this is the case, complete the worksheet below.

2017 HSA Worksheet

1. Balance of HSA as of December 31, 2010, less amount distributed in 2011-2016. (This is the amount from line 3 of the worksheet in the 2016 Schedule I instructions.) . . . . 1. ______________
2. 2017 distributions from the HSA. Do not fill in more than the amount on line 1 . . . . 2. ______________
3. Subtract line 2 from line 1 . . . . 3. ______________
4. Portion of the distribution on line 2 that was used for medical expenses. This amount can be used as an itemized deduction for medical expenses. See “Medical Expense Deduction” in Part II . . . . 4. ______________
5. Portion of the distribution on line 2 that was not used for medical expenses and is included in federal income. This amount would be taxable for federal purposes but not for Wisconsin. Include on line 4a of Schedule I* . . . . 5. ______________

* This amount may also be subject to a federal penalty but would not be subject to a Wisconsin penalty.

Note: An adjustment will be required each year until the amount shown on line 3 is zero. Distributions from HSAs are to be allocated first to the pre-2011 balance.

Line 4b - Wisconsin Depreciation

See the instructions for lines 2d and 4b on page 3.

Line 4c - Wisconsin Capital Losses

See the instructions for lines 2e, 2g, 4c, and 4e on page 4.

Line 4d - Wisconsin Ordinary Losses

See the instructions for lines 2f, 2h, 4d, and 4f on page 5.

Line 4e - Federal Capital Gains

See instructions for lines 2e, 2g, 4c, and 4e on page 4.

Line 4f - Federal Ordinary Gains

See the instructions for lines 2f, 2h, 4d, and 4f on page 5.

Line 4g, h, and i

See the instructions for lines 2i, j, and k and lines 4g, h, and i on page 6.

Line 4j

Add lines 4a through 4i. Fill in the total on line 4j.

Line 5

If the amount on line 3 is a negative amount, add the amount on line 4j to the amount on line 3. Fill in the total as a negative number on line 5. If the amount on line 3 is a positive amount, complete line 5 as follows:

- If line 3 is greater than line 4j, subtract line 4j from line 3 and fill in the result as a positive number on line 5.
- If line 4j is greater than line 3, subtract line 3 from line 4j and fill in the result as a negative number on line 5.

Instructions for Part II

Whenever federal adjusted gross income has been increased or decreased in Part I of Schedule I, itemized deductions which are computed using federal adjusted gross income (for example, medical expenses and charitable contributions) may require adjustment. The deductible amounts of any such items used to compute the Wisconsin itemized deduction credit must be determined by using the federal adjusted gross income computed on line 5 of Part I.

See the following list for itemized deductions that require adjustment. Enter the amount per federal law in Column I and the amount per Wisconsin law in Column II for the corresponding description related to the adjustment. For example, if the adjustment relates to a difference in gifts to charity allowed for federal and Wisconsin purposes, enter the amounts in Col. 1 and Col. 2 on line 1c. If the adjustment is not listed on lines 1a through 1c, enter the adjustment(s) on lines 1d and 1e and a brief description on the line. The amounts in Column II should be used to compute your itemized deduction credit on Schedule 1 of Form 1 or Form 1NPR.

Medical Expense Deduction

(a) Federal – Any payment or distribution out of a health savings account (HSA) for qualified medical expenses shall not be treated as an expense paid for medical care for purposes of claiming an itemized deduction for medical and dental expenses. (Public Law 108-173).

(b) Wisconsin – Wisconsin follows the federal treatment of distributions from an HSA. However, if a portion of your distribution was allocated to the balance in your HSA as of December 31, 2010, you may be able to treat all or part of the distribution as a medical expense. See the Worksheet for line 4a on page 7.

Mortgage Insurance Premiums

(a) Federal – Mortgage insurance premiums paid in connection with acquisition indebtedness for a qualified residence is treated as interest. This does not apply to mortgage insurance contracts issued before January 1, 2007, or to amounts paid or accrued after December 31, 2016. (Public Law 114-113).

(b) Wisconsin – Mortgage insurance premiums cannot be treated as interest and cannot be used in the computation of the Wisconsin itemized deduction credit.

Charitable Deduction for Relief Efforts

(a) Federal – Qualified charitable contributions are allowed to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's contribution base over the amount of all other charitable contributions. These contributions are not subject to the limitation as provided in section 68 of the Internal Revenue Code. The contributions must be made beginning on August 23, 2017 and ending on December 31, 2017 for relief efforts in the Hurricane Harvey, Irma, or Maria disaster area. (Public Law 115-63)

(b) Wisconsin – Charitable contributions for relief efforts are determined under the provisions of the Internal Revenue Code as amended to December 31, 2016.

Personal Casualty Loss

(a) Federal – The amount of the personal casualty loss due to Hurricanes Harvey, Irma, and Maria is increased. The standard deduction is increased by the amount of the net disaster loss. For purposes of alternative minimum tax, the standard deduction provision does not include the increase due to the net disaster loss. (Public Law 115-63)

(b) Wisconsin – Casualty losses are allowed to the extent related to a presidentially declared disaster under 26 USC 7508A. The Wisconsin standard deduction is not increased by a casualty loss.