

Line 16 Working Families Tax Credit – continued

- If the amount on line 7 of Form 1 is more than \$9,000 but less than \$10,000, use the worksheet below to compute your working families tax credit.
- If the amount on line 7 of Form 1 is \$10,000 or more, leave line 16 blank. You do not qualify for the credit.

Working Families Tax Credit Worksheet

Do **not** complete this worksheet if:

- Line 7 of your Form 1 is \$9,000 or less.
- Line 7 of your Form 1 is \$10,000 or more.
- You may be claimed as a dependent on another person's return.

1. Amount from line 12 of Form 1	1. _____
2. Total credits from lines 13 through 15 of Form 1 plus the total of the first five credits listed in the line 18 instructions	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. Enter \$10,000	4. _____
5. Fill in amount from line 7 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 16 of Form 1	8. _____

Line 17 Married Couple Credit

You can claim the married couple credit if all of the following apply:

- You are married filing a joint return
- Both you and your spouse have qualified earned income
- You do not file federal Form 2555 or Form 2555-EZ 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, complete 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 Form W-2),

Example You are a member of the U.S. Armed Forces on active duty. You claimed a subtraction on line 18 of Schedule SB for the amount of military pay you received for active duty. Because this military pay is not taxable to Wisconsin, it cannot be used when computing the married couple credit.

“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 (as reported as an adjustment to income on federal Schedule 1 (Form 1040)) are:

- IRA deduction (line 20 of federal Schedule 1)
- Self-employed SEP, SIMPLE, and qualified plans (line 16 of federal Schedule 1)
- Repayment of supplemental unemployment benefits (line 24e of federal Schedule 1)
- Certain business expenses of reservists, performing artists, and fee-basis government officials (line 12 of federal Schedule 1)
- Contributions to secs. 501(c)(18)(D) and 403(b) pension plans (lines 24f and 24g of federal Schedule 1)
- Disability income exclusion (from line 22 of Wisconsin Schedule SB)