

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
100134	Homestead Credit Definitions - Common Questions

State of Wisconsin
Department of Revenue

Homestead Credit Definitions

(En Español)

Definitions

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.

1. What is the homestead credit program?
2. What is the meaning of the following terms for homestead credit purposes?
 - o Age
 - o Disabled
 - o Disqualified Loss
 - o Earned Income
 - o Farm
 - o Farmer
 - o Farming
 - o Farm Premises
 - o Homestead
 - o Household
 - o Household Income
 - o Qualifying Dependent
 - o Wisconsin Works (W2) Payment

1. **What is the homestead credit program?**

The homestead credit program is designed to soften the impact of property taxes and rent on persons with lower incomes. The benefit available may take the form of an income tax credit or a direct refund. The credit is based on the relationship of your household income to the amount of your allowable property taxes and/or rent for the calendar year.

2. **What is the meaning of the following terms for homestead credit purposes?**

- o **Age**
If your birthday falls on January 1, you are considered to be a year older as of December 31, 2019. Example: If you were born on January 1, 1954, you are considered to be age 65 as of December 31, 2019.
- o **Disabled**

An individual who is unable to engage in any substantial gainful employment by reason of a medically determinable physical or mental impairment which has lasted or is reasonably expected to last for a continuous period of not less than 12 months.

o **Disqualified Loss**

The sum of the following amounts:

- a. Net loss from sole proprietorships
- b. Net capital loss
- c. Net loss from sales of business property, excluding loss from involuntary conversions
- d. Net loss from rental real estate, royalties, partnerships, tax-option (S) corporations, trusts, estates, and real estate mortgage investment conduits
- e. Net farm loss

o **Earned Income**

Wages, salaries, tips, other employee compensation, and net earnings from self-employment.

o **Farm**

Your homestead generally is considered part of a farm if the current or most recent use of the property while owned by you was for agricultural purposes.

o **Farmer**

A farmer is any person engaged in farming.

o **Farming**

The operation of farm premises owned or rented by the operator.

o **Farm Premises**

Areas used for operations of:

- a. Planting and cultivating of the soil
- b. Raising and harvesting of agricultural, horticultural, or arboricultural crops
- c. Raising, breeding, tending, training, and management of livestock, bees, poultry, fur-bearing animals, wildlife or aquatic life, or their products
- d. The processing, drying, packing, packaging, freezing, grading, storing, delivering to storage, to market, or to a carrier for transportation to market, distributing directly to consumer, or marketing any of the above-named commodities, substantially all of which have been planted or produced
- e. The clearing of such premises and the salvaging of timber and management and use of wood thereafter, but not including logging, lumbering, or wood cutting operations unless conducted as an accessory to other farming operations
- f. The managing, conserving, improvement, and maintaining of such farm premises or the tools, equipment, and improvements thereafter and the exchange of labor, services, or the exchange of use of equipment with other farmers in pursuing such activities

o **Homestead**

Your homestead is the Wisconsin home you occupy, whether you own it or rent it, and up to one acre of land adjoining it (or up to 120 acres of land if the homestead is part of a farm). For example, it may be a house, an apartment, a rented room, a mobile home, a farm, or a nursing home room. Unless your homestead is part of a farm, it does not include any part which is rented to others, used for business purposes, or a separate unit occupied by others rent free.

- o **Household**

If you are single, you are considered a household, whether you live alone or with others. If you are married, you and your spouse are considered a household if you live together. If you are married but you and your spouse maintained separate homes on December 31, 2019, you are each considered a separate household.

- o **Household Income**

Household income is all your income reportable for Wisconsin income tax purposes and all items specifically identified on lines 9a through 11j of Schedule H (lines 6a through 6i of Schedule H-EZ), less a deduction of \$500 for each qualifying dependent who occupied your homestead for more than six months during 2019. If you were married and lived with your spouse during all of 2019, you must combine your income and that of your spouse to determine your total household income. If, during 2019, your spouse died, you became married or divorced, or you were separated from your spouse for all or part of the year (including one spouse living in a nursing home), see the special instructions on pages 21 through 23 of the [Schedule H and H-EZ instruction booklet](#) for how to determine your household income.

Note: "Household income" includes certain nontaxable income such as social security and supplemental security income (SSI) benefits; pensions and annuities; unemployment compensation; capital gains; contributions to IRAs and Keogh, SEP, SIMPLE, and deferred compensation plans; court ordered support money and maintenance payments; scholarships, fellowships, and grants; military compensation; interest on U.S. government securities; county relief benefits; cash public assistance (Wisconsin Works (W2), Kinship care, etc.); and all depreciation and depletion claimed in computing Wisconsin taxable income. This list is not all-inclusive. Refer to the [Schedule H](#), Homestead Credit Claim, lines 9a through 11j, and the [Schedule H and H-EZ instruction booklet](#) for a list of "household income."

- o **Qualifying Dependent**

A qualifying dependent is a person who meets both of the following:

- Is or may be claimed as a dependent on your federal income tax return
- Occupied your (the claimant's) home for more than six months during 2019

A dependent is considered to have occupied your homestead during temporary absences for reasons such as school, illness, or vacations.

- o **Wisconsin Works (W2) Payment**

A Wisconsin Works (W2) payment is a payment received under the Wisconsin Works assistance program for participating in a community service job or a transitional placement, or a payment received as a caretaker of a newborn child.

Note: Amounts received under the program for trial jobs are taxable wages and are not included in the definition of Wisconsin Works (W2) payment. Amounts received under the program for job access loans, health care coverage, child care subsidies, and transportation assistance are also not included in the definition of Wisconsin Works (W2) payment. These amounts are not includable in household income.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 17, 2019: Sections 59.53, 71.52 and 102.04, Wis. Stats., and secs. Tax 14.01 and 14.03, Wis. Adm. Code, and 26 U.S. Code § 152.

Laws enacted and in effect after October 17, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to October 17, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

WISCONSIN DEPARTMENT OF REVENUE

PO Box 8949

Madison WI 53708-8949

Phone: (608) 266-8641

Fax: (608) 267-1030

Email additional questions to DORHomesteadCredit@wisconsin.gov

Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

Guidance Document Number: 100134

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Related Links

- [Claiming Homestead Credit | En Español](#)
- [Definitions | En Español](#)
- [Electronic Filed Claims](#)
- [Paper Filed Claims](#)
- [Property Taxes and Rent Special Situations](#)

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