

**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 documents 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
P127	Publication 127, <i>Homestead Credit Situations and Solutions</i>



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.

Wisconsin Homestead Credit Situations and Solutions

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IMPORTANT CHANGES

Use this publication in preparing your 2019 tax return. There are no substantive differences between the 2018 and 2019 versions of this publication.

1. INTRODUCTION

Each year thousands of Wisconsin homestead credit claims require a letter to obtain additional information. In addition, many claims are adjusted unnecessarily, because insufficient information was provided when the claim was filed.

This publication lists common situations that require special attention and may require additional documentation or explanations when filing a homestead credit claim. For each situation, solutions are given that will help avoid having a letter sent to the claimant to obtain additional information or having the claim adjusted. In the solutions, the instruction to "attach" various items means attach them to the homestead credit claim submitted to the Department of Revenue or, in the case of electronically-filed claims, attach them to the [Form W-RA, Required Attachments for Electronic Filing](#), which is mailed to the department.

2. SITUATIONS AND SOLUTIONS**A. Situations Relating to Attachments or Verification****(1) Proper tax forms not attached*****Situation***

Schedule H or H-EZ is filed without one of the following:

- A Wisconsin income tax return (if required)
- A copy of the federal income tax return and supporting schedules (if required)
- Wage statements (if wages were received)

Solution**WISCONSIN INCOME TAX RETURN**

Include a Wisconsin income tax return with Schedule H or H-EZ if one of the following is true:

- Taxable income reported on Schedule H or H-EZ exceeds the amount that requires an income tax return to be filed
- Income is reported on line 7 of Schedule H (line 4 of Schedule H-EZ)

Note: If a Wisconsin income tax return is not required and is not being filed for the year, report taxable income on line 8 of Schedule H instead of line 7 (line 5 of Schedule H-EZ instead of line 4).

If a Wisconsin income tax return was filed separately from Schedule H or H-EZ, and either the tax return or homestead credit claim is paper filed, write "Income Tax Return Separately Filed" at the top of Schedule H or H-EZ, and include the income from the return on line 7 of Schedule H (line 4 of Schedule H-EZ).

FEDERAL INCOME TAX RETURN

Include a copy of your federal income tax return with Schedule H or H-EZ. Include any federal schedules with your federal return, such as federal Schedule C or federal Schedule E.

REQUIRED DOCUMENTS

Attach all required documents, such as Forms W-2, W-2G, 1099-R, and 1098-T. These documents are needed to verify any income, subtractions, and withholding reported.

(2) Schedule H or H-EZ not attached

Situation

An amount is filled in on the homestead credit line of an original or amended Wisconsin income tax return, but no Schedule H or H-EZ is included.

Solution

ORIGINAL INCOME TAX RETURN

File Schedule H or H-EZ with the original return (paper clip them together). If a homestead credit claim is not being filed with the return (for example, if Schedule H or H-EZ was filed separately from the return), do not fill in an amount on the homestead credit line of the original return.

AMENDED INCOME TAX RETURN

File a completed or corrected Schedule H or H-EZ **with** the amended return (paper clip them together). If a homestead credit claim is not being filed with the return (for example, if Schedule H or H-EZ was filed separately from the return), do not fill in an amount on the homestead credit line of the amended return.

(3) Verification of disability status not attached

Situation

The claimant is under age 62 and disabled and no statements are sent in to verify disability status.

Solution

If the claimant is filing a paper return, documentation must be sent in to verify disability status, as defined in the homestead instructions, with a paper return. Proper verification includes one of the following:

- A statement from a physician verifying the date that the disability started and whether the disability is permanent or temporary
- A statement from the Veteran's Administration certifying the total and permanent disability (VA Form 21-0172)
- A document from the Social Security Administration stating the date the disability began

If filing electronically, the above verification listed must be sent in with Form W-RA.

(4) Proper rent certificates or correct property tax bills not attached

Situation

One of the following occurs:

- Rent certificates are not attached to the homestead credit claim
- Rent certificates are not properly completed
- The correct property tax bills are not attached

Solution

RENT CERTIFICATES NOT ATTACHED

Attach rent certificates to verify all of the rent claimed. If the claimant is claiming rent for more than one homestead during the year, attach all of the rent certificates to one Schedule H or H-EZ. Do not file a separate claim for each homestead.

RENT CERTIFICATES NOT PROPERLY COMPLETED

Be sure all lines of each rent certificate are completed (lines 1 to 8 and the signature line must be completed by the landlord). There may be no alterations on the rent certificate, such as erasures, line-throughs, whiteouts, etc. The claimant should obtain a new rent certificate from the landlord if it is incomplete, incorrect, or it has been altered.

The landlord's signature must be an original signature. No photocopied or stamped signatures are allowed. Claimants should NOT sign rent certificates themselves. If the landlord will not sign the rent certificate, see "Landlord will not sign rent certificate" in Part 2.C.(3) on page 14.

The total amount of rent paid on line 4a should not include the amount of rental assistance payments received from a governmental agency. Complete the Shared Living Expenses Schedule on page 2 of the rent certificate, if applicable (see "More than one occupant on rent certificate" in Part 2.C.(2) on page 13).

CORRECT PROPERTY TAX BILLS NOT ATTACHED

Attach property tax bills to verify all of the property taxes claimed, or see "Ownership not verified when other names on tax bill," in Part 2.A.(5) on page 6, if a homestead was sold or purchased during the year. Be sure the correct year's property tax bill is attached. For example, the property tax bill attached to a 2019 homestead credit claim must be a 2019 property tax bill, most likely issued in December 2019, and payable in 2020. Property taxes do not have to be paid in order to claim homestead credit.

Attach the original or a legible duplicate, carbon copy, or photocopy of the property tax bill, or a computer printout obtained either directly from the county or municipal treasurer or from their website.

The property tax bill or computer printout must show all of the following information:

- Year
- Owner's name
- Legal description or address of the property
- Assessed value of land and improvements
- Property taxes before and after state aids and credits

- Lines for special assessments and the lottery and gaming credit

Do not attach installment tax stubs, mortgage statements, canceled checks, or money order receipts. They cannot be accepted as a substitute for the property tax bill.

(5) Ownership not verified when other names on tax bill

Situation

The property tax bill lists "et al." (which means "and others") or lists names other than, or in addition to, the claimant or the claimant's spouse as owners, and the claimant's ownership is not properly verified.

Solution

Attach verification of the claimant's and/or spouse's ownership percentage (or verification that the claimant or spouse has a life estate). Verification may be a copy of a deed, a land contract, a life estate agreement (which is generally provided in a warranty deed or quit claim deed), a divorce judgment, a final judgment in an estate, or a trust instrument.

Attach a note explaining all of the following:

- What portion of the year the claimant (or claimant and spouse) and each other owner lived in the homestead
- What portion of the property taxes each owner paid
- Any other information that helps explain the situation

If documentation of ownership and an explanation were provided with a previous year's claim and circumstances have not changed, attach a note indicating this. It is not necessary to resubmit the documentation with the current year's claim.

If the homestead is co-owned with persons other than the claimant's spouse, claim only the portion of the taxes reflecting the claimant's and spouse's ownership percentage (see **EXCEPTION** below).

If the claimant pays all of the property taxes and the other owners did not live in the homestead during the year to which the claim relates, claim the portion of the property taxes representing the other owners' ownership percentage as rent on line 14c of Schedule H (line 9c of Schedule H-EZ). See **EXCEPTION** below.

EXCEPTION: If the claimant inherited a partial ownership interest in the homestead, but the decedent's will provides that the claimant is to pay all of the property taxes, use all the property taxes in computing homestead credit (all the property taxes from the date of the decedent's death if this occurred during the year to which the claim relates), even though the homestead is co-owned. If the claimant was married and the spouses resided in separate homesteads for any part of the year, see "Spouses resided in separate homesteads" in Part 2.E.(1) on page 18 for information about computing allowable property taxes. Attach a copy of the will to verify the inheritance and the tax payment requirement. If this documentation was provided in a previous year, it is not necessary to send it again.

(6) Proper documentation not attached when homestead sold or purchased

Situation

During the year to which the claim relates, the claimant sold or purchased a homestead for which property taxes are being claimed, and proper documentation relating to the sale or purchase is not attached.

Solution

HOMESTEAD SOLD DURING THE YEAR

Prorate the property taxes for the portion of the year that the claimant both owned and occupied the homestead that was sold. Attach a copy of the closing statement from the sale to verify the claimant's ownership of the homestead that was sold, the prorated property taxes, and the date the homestead was sold.

If the claimant moved from the homestead on or after the selling date shown on the closing statement, claim the prorated property taxes shown on the closing statement. However, if the claimant moved prior to the selling date, the property taxes must be further prorated to reflect only the portion of the year that the claimant resided in the homestead.

Attach a completed rent certificate or property tax bill for the balance of the year or see "HOMESTEAD PURCHASED DURING THE YEAR" on page 7, if applicable. Also see "Claimant moved during the year" in Part 2.C.(1) on page 13. Include all of the allowable property taxes and/or rent on one homestead credit claim.

Attach [Schedule GL](#), *Gain or Loss on the Sale of Your Home*, showing the computation of the gain or loss from the sale of the homestead. Schedule GL is available from any Department of Revenue office or on our website at revenue.wi.gov. If the sale resulted in a gain, see "Nontaxable capital gain or excludable gain from sale of homestead not included in income on Schedule H" in Part 2.B.(6) on page 11.

Note: Since any gain must be included in income for homestead credit purposes, a person who sells a homestead might not be eligible for homestead credit for that year.

HOMESTEAD PURCHASED DURING THE YEAR

Prorate the property taxes for the portion of the year that the claimant both owned and occupied the purchased homestead. Attach both of the following:

- A statement indicating the date the claimant moved to the new homestead
- A copy of the property tax bill

If the previous owner's name is on the property tax bill, attach a copy of the deed to verify the claimant's ownership and the date the homestead was purchased.

Attach a completed rent certificate or property tax bill for the first portion of the year or see "HOMESTEAD SOLD DURING THE YEAR" on page 7, if applicable. Also see "Claimant moved during the year" in Part 2.C.(1) on page 13. Include all of the allowable rent and/or property taxes on one homestead credit claim.

B. Situations Relating to Income

- (1) Wisconsin Works (W2) or kinship care payments received

Situation

The claimant or the claimant's spouse received either Wisconsin Works (W2) or kinship care payments for one or more months during the year to which the claim relates.

Note: For homestead credit purposes, "Wisconsin Works (W2) payments" are payments received under the Wisconsin Works assistance program for participating in a community service job or a transitional placement, or payments received as a caretaker of a newborn child.

Solution

WISCONSIN WORKS (W2)

Place a checkmark in the designated area above line 13 of Schedule H. Include all Wisconsin Works (W2) payments received on line 9j of Schedule H (line 6i of Schedule H-EZ).

For each month the claimant received Wisconsin Works (W2) payments, reduce property taxes and/or rent from line 13, 14b, or 14d by 1/12 as shown on Schedule 3 on page 3 of Schedule H (the Taxes/Rent Reduction Schedule in the instructions for Schedule H-EZ).

Note: If property taxes and/or rent from line 13, 14b, or 14d exceed \$1,460, use \$1,460 as the starting point for computing the 1/12 reduction.

Example: Rent of \$6,000, heat not included, was paid for the year and Wisconsin Works payments were received for 4 months. Enter this amount on line 14c of Schedule H (line 9c of Schedule H-EZ). The amount of rent allowed on line 14d is 25% of the rent paid, or \$1,500. Since this amount is more than \$1,460, Schedule 3 would be filled out as follows:

Line		
1	Net property taxes on homestead.....	\$ 0
2	25% of rent paid (\$6,000 x .25).....	\$ 1,500
3	Smaller of a) total of lines 1 and 2, or b) \$1,460.....	\$ 1,460
4	Monthly rent (\$1,460 ÷ 12).....	\$ 122
5	Number of months no Wisconsin Works received.....	\$ 8
6	Reduced rent (\$122 x 8 months).....	\$ 976

In this example, \$976 would be entered on line 15 of Schedule H (line 10 of Schedule H-EZ).

Homestead credit is not allowed if the claimant received Wisconsin Works (W2) payments for all 12 months of the year. Amounts received under the Wisconsin Works assistance program for job access loans, health care coverage, child care subsidies, and transportation assistance are not includable in household income and do not require the 1/12 reduction.

Amounts received under the Wisconsin Works assistance program for a trial job are includable as taxable wages rather than Wisconsin Works (W2) payments. These payments are reported on a wage and tax statement, just as any other wages.

KINSHIP CARE PAYMENTS

Include all kinship care payments received on line 9j of Schedule H (line 6i of Schedule H-EZ). For months the claimant received only kinship care payments (i.e., the claimant received no Wisconsin Works (W2) payments), the 1/12 reduction is not required.

- (2) Child support, maintenance payments, and other court ordered support money not included in income on Schedule H or H-EZ

Situation

During the year to which the claim relates, the claimant or the claimant's spouse received court ordered child support, maintenance payments, or other support money, and the income is not included on Schedule H or H-EZ.

Solution

Report court ordered child support payments, court ordered nontaxable maintenance payments, or other court ordered support money, on line 9i of Schedule H (line 6h of Schedule H-EZ). Do not include voluntary support or foster care payments. If the claimant or the claimant's spouse is divorced or separated and has children, but no child support or maintenance payments were received, attach a note explaining this.

- (3) Social security, pensions, or other retirement benefits not included in income on Schedule H or H-EZ

Situation

During the year to which the claim relates, the claimant or the claimant's spouse received:

- Social security
- Supplemental security income (SSI)
- Railroad retirement benefits
- Pensions and annuities (including distributions from a deferred compensation, IRA, SEP, SIMPLE, or qualified plan)

This income was not included on Schedule H or H-EZ or the claimant is age 65 or older and did not receive social security, SSI, or railroad retirement benefits.

Solution

SOCIAL SECURITY, SSI, AND RAILROAD RETIREMENT

Report the **gross** amount of social security or SSI benefits on line 9b of Schedule H (line 6b of Schedule H-EZ). Report the **gross** amount of railroad retirement benefits on line 9c of Schedule H (line 6c of Schedule H-EZ). If Medicare premiums were deducted from either social security or railroad retirement benefits, include the amounts deducted (for example, \$1,560 for 2019 for Medicare Part B premiums, unless Social Security or the Railroad Retirement Board advises of a different amount, or \$135.50 per month if you first qualified for benefits in 2019) and not just the net amount of the checks.

Note: "SSI" includes federal SSI payments, the additional "State SSI" payments, "SSI-E" (supplemental security income - exceptional needs) payments, "SSD" (social security disability) payments, and "caretaker supplement" payments.

Include the \$255 social security death benefit if one was received. Do not include social security or SSI payments paid directly to the claimant's children or to the claimant on the children's behalf, and payments for services that are made under Title XX of the Social Security Act.

If the claimant or the claimant's spouse was age 65 or older as of December 31 and did not receive either social security, SSI, or railroad retirement benefits during the year, attach a note explaining this.

PENSIONS AND ANNUITIES

Report the **gross** amount of pensions and annuities, including veterans' pensions, disability payments, and distributions from a deferred compensation, IRA, SEP, SIMPLE, or qualified plan. Fill in the taxable portion on line 8b of Schedule H (line 5b of Schedule H-EZ). If a Wisconsin income tax return was filed, the taxable amount should be included on line 7 of Schedule H (line 4 of Schedule H-EZ). Fill in the nontaxable portion on line 9d (line 6d of Schedule H-EZ). The "gross" amount includes amounts constituting the claimant's contributions to a retirement plan.

Note: See "Contributions to a deferred compensation plan or IRA, self-employed SEP, SIMPLE, or qualified plan deduction not included in income on Schedule H or H-EZ" in Part 2.B.(5) on page 10.

Do not include nontaxable rollovers (amounts transferred from one retirement plan to another) or tax-free exchanges of insurance contracts (IRC sec. 1035 exchanges). Write "Rollover" or "Tax-Free Exchange" near line 9d of Schedule H (line 6d of Schedule H-EZ) if this applies to any retirement plan transfer or insurance contract exchange. Attach a copy of the federal Form 1099-R or other documentation of the rollover or tax-free exchange if this applies.

Note: Taxable rollovers or conversions from one retirement plan to another, such as from a traditional IRA to a Roth IRA, should have been included in income on the Wisconsin return and may not be subtracted in determining household income.

(4) Earned income is not reported

Situation

The claimant is under age 62, not disabled, and does not report earned income.

Solution

Include in your Wisconsin income tax return or on line 8a or 8b the total earned income for 2019. Earned income includes taxable wages, salaries, tips, other employee compensation, and net earnings from self-employment.

Caution: Individuals under age 62 who are not disabled must have earned income to qualify to claim homestead credit. These qualifications apply individually to the claimant and the claimant's spouse. Only one spouse needs to be under age 62, disabled, or have earned income to qualify for the homestead credit.

(5) Contributions to a deferred compensation plan or IRA, self-employed SEP, SIMPLE, or qualified plan deduction not included in income on Schedule H or H-EZ

Situation

The claimant or the claimant's spouse has excluded contributions to a deferred compensation plan from taxable income, or has taken a deduction for a contribution to an IRA, self-employed SEP, SIMPLE, or qualified plan, and the excluded or deducted contributions are not included in income on Schedule H or H-EZ.

Solution

Include on line 9e of Schedule H (line 6e of Schedule H-EZ), all contributions made to a deferred compensation plan during the year that have been excluded from taxable wages. Generally these amounts are reported in box 12 of the wage and tax statement (Form W-2) and are preceded by the prefix D, E, F, G, H, S, or Y.

Include on line 9f of Schedule H (line 6f of Schedule H-EZ), amounts deducted for contributions to an IRA, self-employed SEP, SIMPLE, or qualified plan. These amounts are reported on lines 15 and 19 of federal Schedule 1 (Form 1040 or 1040-SR).

Do not include amounts that are rolled over from one retirement plan to another or nondeductible retirement plan contributions.

- (6) Nontaxable capital gain or excludable gain from sale of homestead not included in income on Schedule H

Situation

Nontaxable capital gain (for example, the capital gain exclusion for assets held more than one year) or the gain from the sale or exchange of a principal residence (which is excludable from taxable income) is not included on Schedule H.

Solution

Report the excludable gain from the sale or exchange of a principal residence on line 11c of Schedule H. Report the nontaxable portion of all other capital gains on line 11d of Schedule H.

Attach Schedule GL showing the computation of the gain from the sale or exchange of the principal residence.

Note: The inclusion of the gain from the sale of the principal residence may result in a person's income exceeding the maximum income level (for example, \$24,680 for 2019) in the year the sale occurs. In this case, the person is not eligible for homestead credit for that year.

- (7) Depreciation not included in income on Schedule H

Situation

Not all depreciation is included on Schedule H when:

- Income or loss from a partnership, LLC, or tax-option (S) corporation is reported
- Car and truck expenses are claimed using the standard mileage rate
- Depreciation is claimed on a business, rent, or farm schedule

Note: In this Situation, the term "depreciation" also includes Section 179 expense, depletion, amortization, and intangible drilling costs.

Solution

PARTNERSHIPS, LLCs, AND TAX-OPTION (S) CORPORATIONS

On line 11g of Schedule H, include the distributive share of depreciation from the partnership, LLC, or tax-option (S) corporation. It may be necessary to contact the entity to obtain this information. Do not look to federal Schedule K-1 or Wisconsin Schedule 3K-1 or 5K-1 for this information, since the items are not all reportable on those schedules.

If the tax return includes income or loss from an entity, but the entity did not claim any depreciation, write "None" in Part II of the federal Schedule E (near the entity's name), or attach a note explaining this.

STANDARD MILEAGE RATE

If business car/truck expenses are claimed based on the standard mileage rate, include the allowable depreciation (26¢ per mile for 2019) on line 11h of Schedule H. Write the number of miles next to the deduction on federal Schedule C, E, or F, or attach a note indicating the number of miles. However, if the standard mileage rate is used but the adjusted basis of the vehicle has reached zero, attach a note explaining this and do not claim depreciation for any miles after the basis has reached zero.

BUSINESS, RENT, AND FARM SCHEDULES

On line 11i of Schedule H, include all depreciation claimed on a business, rent, or farm schedule that is not included on line 11g or 11h.

If car/truck expenses are claimed based on actual operating costs rather than the standard mileage rate, write "actual" next to the deduction on federal Schedule C, E, or F, near where the total number of business miles are reported on federal Schedule C-EZ, or attach a note explaining that the expenses are based on actual operating costs.

(8) Disqualified losses not added back to household income

Situation

Disqualified losses included in taxable income are not added back on line 11j of Schedule H.

Solution

The amount of disqualified losses must be added back to household income on line 11j of Schedule H. To compute the disqualified loss, complete Schedule 4 on page 4 of Schedule H. The amount from line 13 of this schedule is the amount to add back on line 11j.

When entering losses on lines 2 through 10 of Schedule 4, the gains and losses should not be netted if there are multiple activities. For example, a claimant has two businesses reported on two Schedules C. Business A produces a profit of \$15,000 while Business B produces a loss of (\$20,000). The amount that is added back on line 2 of Schedule 4 on page 4 of Schedule H is \$20,000.

(9) Depreciation not deducted from disqualified losses when added back to household income

Situation

Depreciation was added back to household income on line 11g, 11h, or 11i. The same depreciation was included in a loss which was added back on line 11j of Schedule H.

Solution

If a disqualified loss is added back to household income on line 11j of Schedule H, and depreciation from this loss was already added back to household income on line 11g, 11h, or 11i, the amount of the loss to be added back to household income should be reduced by the amount of depreciation already included in household income. If the loss includes depreciation, the disqualified loss is reduced by the amount of this depreciation on line 12 of Schedule 4 on page 4 of Schedule H.

(10) Low income or no income reported

Situation

The amount of household income to report on Schedule H or H-EZ is less than the amount needed to pay the rent or property taxes and other living expenses.

Solution

Attach a note explaining the sources of the funds used to pay the rent or property taxes and other living expenses. If student loans, other loans, gifts, an inheritance, or life insurance proceeds were received,

indicate in the note the approximate amount received from each source, but do not include those amounts in household income.

C. Situations Relating to Property Taxes or Rent

(1) Claimant moved during the year

Situation

The claimant resided in more than one dwelling during the year to which the claim relates.

Solution

Attach a note listing the address of each dwelling and the dates the claimant lived at each address during the year. Claim the prorated property taxes or rent for the time the claimant occupied each dwelling during the year. If less than 12 months of property taxes and/or rent are being claimed, attach a note explaining where the claimant lived for the balance of the year. If the claimant lived outside Wisconsin, explain the full-year Wisconsin resident status (for example, temporary absence, maintained Wisconsin domicile, etc.).

Do not claim more than 12 months of property taxes and/or rent. If the claimant paid property taxes and/or rent for two dwellings for the same time period, claim only the amount for the dwelling where the claimant actually lived, and explain in a note where the claimant lived during the overlapping period.

If the claimant owned his or her homestead, claim only the portion of property taxes prorated for the time the claimant both owned and occupied it. If the homestead was sold during the year, attach a copy of the closing statement to verify the claimant's ownership of the sold homestead, the prorated property taxes, and the date of sale. Also see "Proper documentation not attached when homestead sold or purchased" in Part 2.A.(6) on page 6 and "Nontaxable capital gain or excludable gain from sale of homestead not included in income on Schedule H" in Part 2.B.(6) on page 11.

If the claimant paid rent for more than one homestead for the year, attach a separate rent certificate for each homestead. If the claimant moved from a homestead he or she owned to tax-exempt housing, see paragraph 8 under "Exceptions: Homeowners and/or Renters" in the homestead credit instruction booklet on page 19. Also see the second **EXCEPTION** in "Claimant or spouse in nursing home" in Part 2.E.(2) on page 19 of this publication.

(2) More than one occupant on rent certificate

Situation

The number of occupants shown on line 5 of the rent certificate is more than one, and the shared living expenses are not divided equally among the occupants.

Note: The claimant's spouse and minor children – those under age 18 as of December 31 of the year to which the claim relates – should not be counted as occupants on the rent certificate.

Solution

If the claimant claims an amount other than his or her proportionate share of the rent (for example, there are 3 occupants and the claimant claims more than 1/3 of the rent shown on the rent certificate), complete the Shared Living Expenses Schedule on page 2 of the rent certificate to compute the percentage of "shared living expenses" the claimant paid. Shared living expenses include rent, food, utilities, and other household expenses.

The claimant may claim the portion of the rent that reflects his or her share of the total shared living expenses. However, if all lines on the Shared Living Expense Schedule are not filled in, the total amount of rent paid will be divided by the number of occupants to figure the allowable share of the claimant's rent.

(3) Landlord will not sign rent certificate

Situation

The claimant's landlord will not sign a rent certificate for the year to which the claim relates.

Solution

Claim only rent that can be verified in another manner. Complete all but the signature line of the rent certificate, including a reasonable estimate of the value of food or services provided by the landlord. Fill in the rent certificate as follows:

- On line 7, fill in the value of food or services provided by the landlord. Fill in a zero (0) if neither food nor services were provided.
- On line 8b, check "Yes" or "No" to indicate whether heat was included in the rent.
- Place a checkmark in the designated space above the landlord or authorized representative area of the rent certificate, indicating the landlord will not sign. Leave the signature line blank. Do not sign the rent certificate yourself.

Attach the rent certificate to Schedule H or H-EZ. Attach copies of all canceled rent checks (front and back) or bank money orders to verify all rent claimed. Any portion of the rent claimed that is not verified will not be allowed.

(4) Claimant lived in a mobile or manufactured home

Situation

The claimant lived in a mobile or manufactured home during the year to which the claim relates.

Note: A claimant may own the mobile or manufactured home and rent the land on which it was located, rent the mobile or manufactured home and own the land, rent both the mobile or manufactured home and the land, or own both the mobile or manufactured home and the land. The solution covers all of these situations.

Solution

RENT

Claim any rent the claimant paid for the mobile or manufactured home, or for the land on which it was located, on line 14a or 14c of Schedule H (line 9a or 9c of Schedule H-EZ). Attach a completed rent certificate to Schedule H or H-EZ.

PERSONAL PROPERTY TAXES OR REAL ESTATE TAXES

Owners: Claim any personal property taxes or real estate taxes the claimant paid for the mobile or manufactured home or the land, on line 13 of Schedule H (line 8 of Schedule H-EZ). Attach the property tax bill to Schedule H or H-EZ and write "mobile home" or "manufactured home" on the tax bill.

Renters: If the claimant rented the mobile or manufactured home or land but paid the personal property taxes or real estate taxes to the landlord, claim those amounts as rent on line 14a or 14c of Schedule H (line 9a or 9c of Schedule H-EZ). Attach a completed rent certificate to Schedule H or H-EZ (those amounts should be included on line 3c of the rent certificate).

MUNICIPAL PERMIT FEES

Owners: Claim any municipal permit fees the claimant paid for the mobile or manufactured home as taxes on line 13 of Schedule H (line 8 of Schedule H-EZ). If the landlord collected the municipal permit fees for the municipality, attach a completed rent certificate to Schedule H or H-EZ (those amounts should be filled in on line 3c of the rent certificate). If the claimant paid the fees directly to the municipality, attach a statement from the municipal treasurer, showing the amount the claimant paid.

Renters: If the claimant rented the mobile or manufactured home but paid municipal permit fees to the landlord, claim those amounts as rent on line 14a or 14c of Schedule H (line 9a or 9c of Schedule H-EZ). Attach a completed rent certificate to Schedule H or H-EZ (those amounts should be filled in on line 3c of the rent certificate).

(5) Lottery and gaming credit not shown on property tax bill

Situation

The property tax bill or computer printout substitute does not have an amount filled in for the lottery and gaming credit.

Solution

If the claimant received or will receive a lottery and gaming credit separately, subtract the credit from the amount shown on the property tax bill or computer printout, and include only the net amount on line 13 of Schedule H (line 8 of Schedule H-EZ). Attach a note explaining that the lottery and gaming credit was received or will be received separately, and indicate the amount of the credit.

If the claimant did not and will not receive a lottery and gaming credit on his or her homestead for the year, attach a note explaining this. If the claimant receives a lottery and gaming credit on his or her property tax bill and uses a computer printout as a substitute, and it does not have a line for the lottery and gaming credit, obtain a replacement document with this information on it.

(6) Addresses on tax bill and claim differ

Situation

The address on the property tax bill is different than the address on the homestead credit claim.

Solution

Attach a statement explaining where the claimant resided during the year to which the claim relates, and why the addresses are different (for example, the address on the Schedule H or H-EZ is just a mailing address, the claimant moved there after December 31, etc.).

If the claimant did not reside in the homestead during the entire year, claim the property taxes for only the portion of the year that the claimant resided in the homestead.

Note: If the claimant resided in other dwellings for which homestead credit may be claimed for the year, also attach property tax bills or rent certificates for those homesteads. Also see "Claimant moved during the year" in Part 2.C.(1) on page 13.

(7) Possible part business use of homestead

Situation

One of the following occurs:

- Part of the claimant's homestead is used for rental or business purposes while the claimant lives there (not including farming)
- Part of the claimant's homestead property (for example, a separate living unit) is occupied by others rent free
- The rental or business address is not listed on a rental or business schedule, or it is the same as the homestead address

Solution

PART RENTAL OR BUSINESS USE

Place a checkmark in the designated area above line 13 of Schedule H, and complete Schedule 2 on page 3 of Schedule H to prorate rent/property taxes for the percentage of rental or business use for which a deduction is allowed or allowable for federal tax purposes. Claim only the personal portion.

Note: If no rental or business deduction is allowed or allowable, proration is not necessary. Attach a note indicating that no federal rental or business deduction is allowed or allowable.

PART OCCUPIED RENT FREE

Place a checkmark in the designated area above line 13 of Schedule H, and complete Schedule 2 on page 3 of Schedule H to prorate rent/property taxes for the percentage used by others rent free. Claim only the personal portion.

ADDRESS NOT LISTED

List the address of the rental or business location on the federal Schedule C, C-EZ, or E. If it is the same as the homestead address but no rental/business deduction is allowed or allowable for federal tax purposes, attach a note indicating this.

D. Situations Relating to Electronically-Filed Claims

Note: Many of the situations and solutions in Sections A, B, C, and E also apply to electronically-filed ("e-filed") homestead credit claims. This section applies solely to e-filed claims.

(1) Property tax information transmitted electronically is incorrect or incomplete

Situation

The property tax information sheet transmitted with the e-filed homestead credit claim is incorrect or incomplete.

Solution

Enter all of the required information, exactly as it is shown on the property tax bill, and in the correct spaces. For co-owned property, enter the full amount of property taxes, rather than an amount reduced to reflect the ownership percentage.

Use only the tax bill for the homestead parcel in completing the "Tax Bill Information for Your Home" section. Use the "Additional Tax Bill Information for Adjoining Property" section for any other tax bills.

Do not fill in occupancy dates unless the homestead was purchased or sold during the year. Complete the "Closing Statement and Sale of Home Information" section if the homestead was sold during the year.

- (2) Rent certificate information transmitted electronically is incorrect or incomplete

Situation

The rent certificate information transmitted with the e-filed homestead credit claim is incorrect or incomplete.

Solution

Provide all of the information from the original rent certificate that the landlord has signed. Enter the information exactly as it appears on the original rent certificate. Do not complete an electronic rent certificate if there is not an original rent certificate that has been signed by the landlord.

EXCEPTION: If the landlord will not sign, indicate this and complete all of the claimant and landlord information. Mail copies of each canceled check or bank money order with Form W-RA (see "Required attachments not mailed or are improper" in Part 2.D.(4) on page 18). Any portion of the rent claimed that is not verified will not be allowed.

Complete the "Allowable Rent for Shared Living Expenses" section when it is filled in on the original rent certificate. If the e-filing software makes any automatic entries, verify that the amounts are the same as shown on the original rent certificate. If not, the amounts must be overridden and reentered so they match.

- (3) Homestead credit notes not transmitted electronically

Situation

A homestead credit note that is needed is not transmitted with the e-filed homestead credit claim. Refer to the Schedule H and H-EZ instructions for when a homestead note is needed (such as when the lottery and gaming credit is not shown on the property tax bill.)

Solution

Whenever a note is needed, transmit the "Notes" page with the e-filed Schedule H or H-EZ. Any attachments indicated by a note should be mailed to the department with the Form W-RA (see "Required attachments not mailed or are improper" on the next page).

Note: For 2019, the "Notes" page as provided to software vendors is titled *Homestead Credit Notes and Attachments Checklist*. Vendors may have renamed the document.

(4) Required attachments not mailed or are improper

Situation

The documents that are required to be mailed to the department (when a homestead credit claim is e-filed) are:

- Not mailed
- Mailed without Form W-RA
- Mailed before the e-filing acknowledgment
- Incorrect or incomplete

Solution

Put the cover page (Form W-RA) as the front document, and attach all Forms W-2 and Forms 1099-R, other Forms 1099, Forms 1098-T, original rent certificate(s) signed by the landlord, property tax bill(s), and any attachments (those indicated by an electronically transmitted note, or other attachments as appropriate).

Attach to Form W-RA the actual property tax bill(s) or computer printout(s) from the municipal treasurer, and/or the original rent certificate(s) signed by the landlord(s), not copies of the documents that are generated by the e-filing software.

Do not mail Form W-RA and attachments until the Wisconsin e-filing acknowledgment has been received. Use the mailing address or, if delivery is by a means other than the U. S. Postal Service, the delivery address shown in the Form W-RA instructions. Do not mail or attach to Form W-RA a copy of the electronically transmitted homestead credit claim.

Note: Form W-RA and attachments may be transmitted to the department in an electronic file over the internet. Additional information and instructions for this application are available on the department's website at revenue.wi.gov under "Online Services."

E. Special Situations

(1) Spouses resided in separate homesteads

Situation

The spouses resided in separate homesteads for all or part of the year to which the claim relates.

Note: "Resided in separate homesteads" does not include temporary separations. However, if one spouse is in a nursing home, also see "Claimant or spouse in nursing home" in Part 2.E.(2) on page 19.

Solution

Determine which spouse (or whether both spouses) may file a homestead credit claim for the year, as follows:

- *If the spouses did not reside together as of December 31:* Both spouses may file a claim if they both qualify. For any portion of the year that the spouses resided together, the combined income and rent or property taxes must be included on each spouse's claim.
- *If the spouses did reside together as of December 31:* Only one of the spouses may file a claim. The spouses must determine which one is to be the claimant.

Compute the household income and rent or property taxes as follows:

HOUSEHOLD INCOME

For the portion of the year that the claimant and the claimant's spouse were married and resided together, include the combined household income of both spouses (if both spouses file a claim, the combined income must be included on both claims).

For the portion of the year that the spouses were married but did not reside together, compute household income under Wisconsin's marital property law. See the "Special Instructions" in the homestead credit instruction booklet for explanations and exceptions.

Note: When spouses reside in separate homesteads, a common situation involves spouses who were separated for the entire year, and who did not notify each other regarding marital property income. In this situation, each spouse who files a claim should report all of his or her own income and none of the spouse's income, and answer "No" to question 6b on Schedule H.

Attach all of the other required attachments. See the "Special Instructions" in the homestead credit instruction booklet for a listing of required attachments.

RENT OR PROPERTY TAXES

If the claimant is a renter: Claim the rent for the claimant's homestead, whether the spouse resided with the claimant or not (if both spouses file a claim, the rent for the portion of the year that the spouses resided together would be included on both claims).

If the claimant is a homeowner: The homestead is presumed to be marital property, unless the claimant proves otherwise (see the "Special Instructions" on page 22 in the homestead credit instruction booklet, Part 2, item c of Attachments, for information on how to prove this). Compute allowable property taxes as follows:

- For the portion of the year the spouses resided together, claim the full amount of property taxes (if both spouses file a claim, these property taxes would be included on both claims).
- For the portion of the year that the spouses did not reside together:
 - o On the Schedule H of the claimant who resided in the homestead, claim only his or her one-half share of the property taxes.
 - o If the claimant who resided in the homestead pays all of the property taxes, claim the remaining one-half share of the property taxes (i.e., the spouse's share) as rent on line 14c of Schedule H.

(2) Claimant or spouse in nursing home

Situation

The claimant or the claimant's spouse resided in a nursing home, either during part or all of the year to which the claim relates, or at the time of filing the claim.

Solution

CLAIMANT IN NURSING HOME (**Note:** This Solution applies whether the claimant is single or married.)

Do not file a homestead credit claim if a person is both residing in a nursing home and receiving Title XIX medical assistance at the time of preparing the claim. In this situation, the person does not qualify for homestead credit, even if he or she was not in a nursing home during the year to which the claim relates.

If the claimant is residing in a nursing home but not receiving Title XIX at the time of filing the claim, complete the claim based on where the claimant lived during the year (but see **EXCEPTIONS** below).

If the claimant resided in a homestead other than a nursing home for part of the year, claim the rent or property taxes for that homestead for that portion of the year.

For months the claimant resided in a nursing home that is subject to property taxes, claim the rent from the rent certificate prepared by the nursing home.

For months the claimant resided in a nursing home that is not subject to property taxes, no rent may be claimed (persons who resided in a property tax-exempt nursing home during the entire year do not qualify for homestead credit for that year).

If the claimant is married, compute household income as explained in "Spouses resided in separate homesteads" in Part 2.E.(1) on page 18.

EXCEPTIONS to claim being based on nursing home rent –

- If the claimant resided in a nursing home during part of the year, and there is a reasonable expectation that the claimant will be returning to his or her homestead within one year of entering the nursing home, the claimant has the option of claiming either of the following:
 - Rent or property taxes for the homestead
 - Rent for the nursing home

Note: For either option, the Title XIX restriction at the time of filing the claim still applies.

If this exception applies and the claim is based on rent or property taxes for the claimant's homestead rather than rent for the nursing home, attach a note explaining that the nursing home stay is temporary, since question 4a on Schedule H ("Are you now living in a nursing home?") will be answered "Yes."

- If the claimant has moved to a property tax-exempt nursing home from the homestead he or she owns, has tried to sell it, and has not rented it to others, the claimant may base the claim on the property taxes for the time he or she still owns the homestead, for up to 12 months after moving to the nursing home. **Note:** The Title XIX restriction at the time of filing the claim still applies.

If a claim is filed using this exception, attach a note explaining the situation, since question 4a on Schedule H ("Are you now living in a nursing home?") will be answered "Yes."

CLAIMANT'S SPOUSE IN NURSING HOME

If the claimant's spouse resided in a nursing home during the year, the claimant who is not in a nursing home (referred to as the "community spouse") may file a homestead credit claim if he or she qualifies (the spouse in the nursing home being on Title XIX would not disqualify the community spouse claimant). If the spouse is in a nursing home on December 31, the nursing home spouse may also file a homestead credit claim if he or she qualifies.

Compute household income as explained in "Spouses resided in separate homesteads" in Part 2.E.(1) on page 18. If the community spouse receives a "community spouse income allowance" from the nursing home spouse under Wisconsin's Spousal Impoverishment Program, that income is not includable on the community spouse's Schedule H (it is includable on the nursing home spouse's claim).

Compute the community spouse's property taxes or rent as explained in "Spouses resided in separate homesteads" in Part 2.E.(1) on page 18. Attach a note indicating which months the claimant's spouse resided in a nursing home during the year.

3. ADDITIONAL INFORMATION

If you are unable to find an answer to your questions about homestead credit, visit the department's website, email, write, or call:

Visit our website . . . revenue.wi.gov (click on "Common questions" and "Individuals" or click [here](#))

Email . . . DORHomesteadCredit@wisconsin.gov

Write . . . Mail Stop 5-77
Wisconsin Department of Revenue
P.O. Box 8949
Madison, WI 53708-8949

Telephone . . . (608) 266-8641

Fax . . . (608) 267-1030

Applicable Laws and Rules

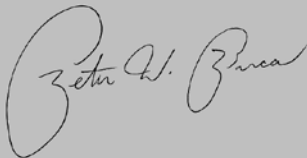
This document provides statements or interpretations of the following laws and regulations in effect as of January 23, 2020: Chapter 71, Wis. Stats.

Laws enacted and in effect after January 23, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to January 23, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

Certification Statement

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE



Peter Barca

Secretary of Revenue