

**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
100135	Homestead Credit Property Taxes and Rent Special Situations - Common Questions

State of Wisconsin
Department of Revenue

Homestead Credit Property Taxes and Rent Special Situations

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.

Property Taxes and Rent Special Situations

1. I purchased my home during the year. What property taxes may I claim on Schedule H, line 13, or Schedule H-EZ, line 8? Is there anything else I should attach to my Schedule H or H-EZ?
2. I sold my home during the year. What property taxes may I claim on Schedule H, line 13? Is there anything else I should attach to my Schedule H?
3. I resided in two homes that I owned during the year. What taxes do I claim on Schedule H, line 13, or Schedule H-EZ, line 8?
4. What should I do if the property tax bill lists names other than or in addition to my or my spouse's name as owners of the property?
5. What should I do if the property tax bill lists the name of my deceased spouse as an owner of the property?
6. If I have a life estate for my home, may I claim the property taxes?
7. What should I do if the landlord refuses to sign the rent certificate?
8. What amount of rent can I claim if I am a renter and live with adults other than my spouse?

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1. **I purchased my home during the year. What property taxes may I claim on Schedule H, line 13, or Schedule H-EZ, line 8? Is there anything else I should attach to my Schedule H or H-EZ?**

You must prorate the property taxes for the portion of the year you both owned and occupied the purchased home.

The purchaser of a home may use only the 2019 property tax bill as the basis for computing allowable property taxes.

Attach a copy of the 2019 property tax bill and a statement indicating the date you moved into the purchased home to your homestead credit claim. If the previous owner's name is on the property tax bill, attach a copy of the deed to verify your ownership and the date the home was purchased.

If you rented a residence prior to purchasing your new home, attach a completed rent certificate signed by your landlord for the first portion of the year. If you owned and occupied another home prior to purchasing your new home, attach a copy of the property tax bill for the first portion of the year. If you sold your previous home, see [Question 2](#).

2. I sold my home during the year. What property taxes may I claim on Schedule H, line 13? Is there anything else I should attach to my Schedule H?

If you sold your home during the year, you cannot file on Schedule H-EZ. You must file on Schedule H.

You must prorate the property taxes for the portion of the year that you both owned and occupied the home that was sold.


The seller of a home may use the closing statement, the 2018 property tax bill, or the 2019 property tax bill as the basis for computing allowable property taxes accrued.

If your basis for computing allowable property taxes is the 2019 property tax bill, you will also have to attach a copy of the deed or closing statement to verify your ownership.

If you claim taxes based upon the closing statement, attach a statement to your Schedule H indicating the date you moved from the sold home and a copy of the closing statement from the sale. The closing statement will verify your ownership of the home that was sold, the prorated property taxes, and the date the home was sold.

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

If you rented a residence after selling your old home, attach a completed rent certificate signed by your landlord for the last portion of the year. If you owned and occupied another home after selling your old home, attach a property tax bill for the last portion of the year. If you purchased a new home, see [Question 1](#).

You must also attach a  [Schedule GL](#), *Gain or Loss on the Sale of Your Home*, showing the computation of the gain or loss from the sale of the home (selling price minus adjusted basis minus expense of sale). If the sale resulted in a gain, the gain must be included in household income on Schedule H, line 11c. This may preclude a person who sells a home from qualifying for homestead credit for that year.

3. I resided in two homes that I owned during the year. What taxes do I claim on Schedule H, line 13, or Schedule H-EZ, line 8?

You need to prorate the property taxes for the portion of the year you occupied each home. Attach a copy of the 2019 property tax bill for both homes and a statement indicating the dates you resided in each home to your Schedule H or H-EZ.

4. What should I do if the property tax bill lists names other than or in addition to my or my spouse's name as owners of the property?

You should 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.

Also attach a note explaining:

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

If you file electronically, check the correct box showing your ownership as "Self and/or spouse AND OTHERS," indicate your ownership percentage, and indicate the amount of taxes you paid or will pay on the electronic property tax bill data. Do not check the box "Self and/or Spouse" when other names are shown as owners on the property tax bill.

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

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

Exception: If the claimant inherited a partial ownership interest in the home, 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 home is co-owned
- Attach a copy of the will to verify the inheritance and the tax payment requirement

Examples:

- A, B, and C each own a one-third interest in a dwelling. A and B are married to each other and live in the dwelling; C lives elsewhere. A and B both qualify for homestead credit and pay all of the property taxes accrued, which are \$1,800.

Either A or B may claim a homestead credit based upon "property taxes accrued" of \$1,200, their two-thirds share, plus "gross rent (heat not included)" of \$600, since they pay C's one-third share of the property taxes.

If C had also occupied the home, A and B could have claimed only \$1,200 of "property taxes accrued" and no "gross rent," even though they paid the entire \$1,800. In addition, C could have filed a claim, if otherwise qualified, based upon "property taxes accrued" of \$600.

- A mother and son each own a one-half interest in a dwelling occupied solely by the mother, who qualifies for homestead credit. The son pays all of the property taxes accrued on the dwelling.

The mother may claim a homestead credit based upon one-half of the property taxes accrued. Since the son did not reside in the home, he may not claim any homestead credit based on his share of the property taxes accrued.

- A brother and sister both qualify for homestead credit and own 75% and 25% interests, respectively, in a home they both occupy. The brother pays all of the property taxes accrued on the home.

Each may claim a homestead credit based upon the portion of property taxes accrued reflecting that person's ownership percentage. The brother would claim 75% of the property taxes accrued and the sister would claim 25% of the property taxes accrued.

5. What should I do if the property tax bill lists the name of my deceased spouse as an owner of the property?

You should 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 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.

If the property was owned as joint tenants, submit a copy of the warranty deed from the purchase of the property. If the property was not owned as joint tenants, submit a copy of the deceased spouse's last will and the final judgment in the spouse's estate.

Also attach a note explaining:

- The name listed as an owner on the property tax bill is the claimant's deceased spouse
- The date that the spouse died
- Any other information that helps explain the situation

If you were living together with your spouse up until the date of death (if living apart, follow [Special Instructions on pages 21 and 22 of 2019 Schedule H Instructions](#)), claim your combined property taxes up to the date of death and:

- If the property was owned as joint tenants, claim all the property taxes after the spouse's date of death.

- If the property was not owned as joint tenants, claim only your ownership percentage after the spouse's date of death. If the claimant paid the property taxes for the deceased spouse's ownership percentage of the property taxes, claim that portion of the taxes as rent on Schedule H, line 14c or Schedule H-EZ, line 9c.

If you file electronically and either of the above situations apply, indicate your ownership type on the property tax bill information as "Self and/or spouse". Then claim the property taxes as instructed.

6. If I have a life estate for my home, may I claim the property taxes?

Property taxes assessed on property subject to a life estate may only be claimed as "property taxes accrued" for purposes of homestead credit by a person in possession of the life estate interest. The life estate must be in writing and incorporated in the warranty deed or other legal documentation.

Example:

A widow and her son reside in the same home. Prior to the year of the claim, the widow transferred the property to her son by quit claim deed but retained a life estate in the property. She pays the property taxes, but the property tax bill comes in her son's name.

If otherwise qualified, the widow may file a claim for homestead credit based upon the entire amount of property taxes accrued. The son may not claim homestead credit based upon any portion of the property taxes accrued on the home even though he resides in the property and is otherwise qualified.

7. What should I do if the landlord will not sign the rent certificate?

If your landlord will not sign your rent certificate, you should complete the fields above line 1 (including placing a checkmark in the designated area) and lines 1 to 8b. If your landlord provided food or services, fill in your estimated amount on line 7. If these items were not provided, fill in 0 on line 7. Attach this rent certificate, along with a copy of each canceled check or bank money order you have to verify your rent. Any portion not verified will not be allowed.

NOTE: DO NOT sign the rent certificate yourself. Rent certificates signed by you or someone other than the landlord or his/her authorized representative will not be accepted.

8. What amount of rent can I claim if I am a renter and live with adults other than my spouse?

Claimants sharing living expenses for a rented home with one or more adult occupants (other than his or her spouse or children under age 18 as of December 31, 2019) are each entitled to claim a portion of the rent paid for occupancy of that home. The amount of rent paid for occupancy is the amount which reflects the percentage you paid of the total shared living expenses, such as rent, food, utilities, and other shared living expenses.

If each occupant paid an equal share of the rent, food, utilities, and other shared living expenses, you should claim your equal share of the rent in computing your homestead credit.

If each occupant (excluding your spouse and minor children) did not pay an equal share of the rent and other shared living expenses, fill in the Shared Living Expenses Schedule on the rent certificate to compute your allowable rent paid for occupancy only. Be sure to include amounts for each category: rent, food, utilities, and other shared living expenses. You must also indicate on the schedule the names of the other occupants. You may claim only the portion of rent that reflects the percentage of shared living expenses you actually paid.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 31, 2019: Section 71.52, Wis. Stats., and secs. Tax 14.01, 14.04 and 14.05, Wis. Adm. Code.

Laws enacted and in effect after October 31, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to October 31, 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:

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Email additional questions to DORHomesteadCredit@wisconsin.gov

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

Guidance Document Number: 100135

October 31, 2019

Related Links

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

Training

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