

State of Wisconsin
Department of Revenue

Individual Income Tax Students

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. This is my first time filing a tax return. Where do I start? What materials do I need?
2. How do I e-file?
3. Which form do I file?
4. I was a Wisconsin resident. Currently, I am an undergraduate student attending school outside Wisconsin. If I do not return to Wisconsin during the four years of school, am I considered a Wisconsin resident for that period?
5. I am a Wisconsin resident living in another state for purposes of going to school. That state requires me to report the income I earned in their state during the year to them and pay taxes on it. Do I also need to report this income to Wisconsin? If so, how do I report this income on my Wisconsin income tax return?
6. I am a Wisconsin resident. My spouse is not a Wisconsin resident and has no Wisconsin income. Which tax return do I file for Wisconsin?
7. I am an undergraduate student temporarily attending school in Wisconsin. My spouse and I are not Wisconsin residents. My spouse earned wages working in Wisconsin. Is my spouse required to file a Wisconsin return and pay Wisconsin taxes on that income?
8. I am an undergraduate student attending school outside Wisconsin. I remain a Wisconsin resident. My spouse, who is also from Wisconsin, is living with me outside Wisconsin. My spouse is not attending school but is earning income outside Wisconsin. Is my spouse still considered a Wisconsin resident? Is my spouse still required to pay taxes to Wisconsin on income earned outside Wisconsin?
9. I am an undergraduate student attending school outside Wisconsin. I maintain my Wisconsin residency, but my personal residence during the tax year is located outside Wisconsin. Can I use the rent I paid on my personal residence located outside Wisconsin to calculate the school property tax credit on my Wisconsin income tax return?
10. I received Form 1098-T, *Tuition Statement*, with amounts reported in box 5 as scholarship or grant income. Is any of my scholarship or grant income considered taxable?

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1. **This is my first time filing a tax return. Where do I start? What materials do I need?**

Assemble all tax statements you receive from your employer, financial institution and others, including Form W-2, Form 1098-T, and 1099 forms. These documents provide tax withholding, wage and other information needed to file your return. Federal and state forms are available online. Consider e-filing, which is the easiest and most accurate way to file tax returns. With e-filing, refunds can be directly deposited into savings or checking accounts.

2. **How do I e-file?**

E-filing is available through the Department of Revenue's [Wisconsin e-file](#) application, at [irs.gov](#), through off-the-shelf products and private vendor websites, through professional tax preparers, and through Volunteer Income Tax Assistance (VITA) sites. VITA sites provide free tax preparation for low- and moderate-income individuals.

3. **Which form do I file?**

Full-year legal residents of Wisconsin may file their Wisconsin income tax returns on Form 1.

Students who are not legal residents of Wisconsin for the entire year must file their Wisconsin income tax return on Form 1NPR.

4. **I was a Wisconsin resident. Currently, I am an undergraduate student attending school outside Wisconsin. If I do not return to Wisconsin during the four years of school, am I considered a Wisconsin resident for that period?**

Yes, you are still a Wisconsin resident unless you take steps to change your domicile to another state. To change your domicile from Wisconsin to another state, you must meet all of the following criteria:

- You must have cut your permanent ties to Wisconsin
- You must be physically present in your new state of residence
- You must establish permanent ties in your new state of residence

To determine if permanent ties have been established in a new state, Wisconsin looks at the actions a taxpayer takes that are consistent with the intent to change domicile. See the [Legal Residence Questionnaire](#) for a description of the actions. If any of these three criteria are not met, you are still considered a Wisconsin resident, regardless of where you are attending school. Undergraduates, in most cases, are considered to be temporarily absent from Wisconsin. See 'What is domicile?', page 3, of the Wisconsin [Form 1NPR instruction](#) booklet.

5. **I am a Wisconsin resident living in another state for purposes of going to school. That state requires me to report the income I earned in their state during the year to them and pay taxes on it. Do I also need to report this income to Wisconsin? If so, how do I report this income on my Wisconsin income tax return?**

Yes. Since you are a Wisconsin resident, the income you earned in the other state is reportable to Wisconsin. You will need to file a Wisconsin [Form 1](#). On the Form 1, include all of your income as taxable to Wisconsin, even the income earned in the other state. Use [Schedule OS, Credit for Net Tax Paid to Another State](#), to determine your credit for tax you paid to the other state. You will need to attach a copy of the other state's tax return when you file your Wisconsin tax return.

6. I am a Wisconsin resident. My spouse is not a Wisconsin resident and has no Wisconsin income. Which tax return do I file for Wisconsin?

In this situation you have two options. You can file a Wisconsin [Form 1](#) with a filing status of married filing separately. Under this option you show only your income on the Form 1. However, your tax may be higher and certain credits are limited by the married filing separately rules.

The other option is to file a Wisconsin [Form 1NPR](#) for part-year residents and nonresidents. Under this option you can file a joint return with your spouse even though your spouse is a nonresident. If you use the Form 1NPR, your spouse's income will not be taxed. However, your spouse's income is used in calculating the percentage of your Wisconsin income to the combined federal income of you and your spouse. This percentage is then used to determine your Wisconsin tax.

You should compute your tax liability under both options and then file under the option that is most advantageous to you.

7. I am an undergraduate student temporarily attending school in Wisconsin. My spouse and I are not Wisconsin residents. My spouse earned wages working in Wisconsin. Is my spouse required to file a Wisconsin return and pay Wisconsin taxes on that income?

Yes, if your spouse has Wisconsin wages of \$2,000 or more and is not a resident of a state with which Wisconsin has a reciprocity agreement, your spouse is required to file a nonresident tax return, Wisconsin [Form 1NPR](#), and pay taxes on the income earned in Wisconsin. Wisconsin currently has reciprocity agreements with Illinois, Indiana, Kentucky, and Michigan. For more information on reciprocity, please refer to Wisconsin [Publication 121, Reciprocity](#). Also see the [Form 1NPR Instructions](#).

8. I am an undergraduate student attending school outside Wisconsin. I remain a Wisconsin resident. My spouse, who is also from Wisconsin, is living with me outside Wisconsin. My spouse is not attending school but is earning income outside Wisconsin. Is my spouse still considered a Wisconsin resident? Is my spouse still required to pay taxes to Wisconsin on income earned outside Wisconsin?

Your spouse is a Wisconsin resident unless your spouse has taken steps to change his/her domicile to another state. If your spouse meets the following three requirements, he/she would not be considered a Wisconsin resident and would not be required to file Wisconsin income tax returns:

- Cut his/her permanent ties to Wisconsin
- Be physically present in his/her new state of residence
- Establish permanent ties in his/her new state of residence

If your spouse does not meet all three of these requirements, he/she would still be considered a Wisconsin resident and would be required to file Wisconsin income tax returns.

9. I am an undergraduate student attending school outside Wisconsin. I maintain my Wisconsin residency, but my personal residence during the tax year is located outside Wisconsin. Can I use the rent I paid on my personal residence located outside Wisconsin to calculate the school property tax credit on my Wisconsin

income tax return?

Yes, you can use the rent you paid, as long as you were not living in property that is exempt from property tax (such as some university-owned housing or military housing). All rent paid during the year for your personal residence is allowable in calculating the credit. This is true regardless of the state in which you lived during the tax year.

10. I received Form 1098-T, Tuition Statement, with amounts reported in box 5 as scholarship or grant income. Is any of my scholarship or grant income considered taxable?

Scholarship or grant income is not taxable only to the extent:

- o It doesn't exceed your qualified education expenses
- o It isn't designated for other purposes (such as room and board) and doesn't require that it can't be used for qualified education expenses
- o It doesn't represent payment for teaching, research, or other services required as a condition for receiving the scholarship

If any of the above apply, you must report the amount as taxable on line 1 of federal Form 1040 or 1040-SR and enter "SCH" and the amount on the dotted line next to line 1.

Note: If you are filing for homestead credit, the amount of your nontaxable scholarship and grant income is considered household income for purposes of computing the credit. This amount should be reported on Schedule H, line 9h.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of November 8, 2019: Sections 71.03, 71.04, 71.05, 71.07, 71.52 and 73.03, Wis. Stats., secs. Tax 2.01, 2.02, 2.08 and 14.03, Wis. Adm. Code, and 26 U.S. Code § 117.

Laws enacted and in effect after November 8, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to November 8, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

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