



SVA | 2017

TAX REFERENCE GUIDE

STATE INFORMATION

INDIVIDUAL INCOME TAX RATES – WISCONSIN

MARRIED FILING JOINTLY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	4.00%
\$ 14,980	\$ 599	5.84%
\$ 29,960	\$ 1,474	6.27%
\$ 329,810	\$ 20,275	7.65%

SINGLE OR HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	4.00%
\$ 11,230	\$ 449	5.84%
\$ 22,470	\$ 1,106	6.27%
\$ 247,350	\$ 15,206	7.65%

MARRIED FILING SEPARATELY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	4.00%
\$ 7,490	\$ 300	5.84%
\$ 14,980	\$ 737	6.27%
\$ 164,900	\$ 10,137	7.65%

INDIVIDUAL INCOME TAX RATES – ILLINOIS

All filing statuses 3.75%

STATE TAX RATES – CORPORATE & OTHER

	WISCONSIN	ILLINOIS
Corporate	7.9%	5.25%
Replacement Tax		
C Corporations	N/A	2.5%
Partnerships, S Corporations, Trusts	N/A	1.5%

FIDUCIARY TAX RATES – WISCONSIN

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	4.00%
\$ 11,230	\$ 449	5.84%
\$ 22,470	\$ 1,106	6.27%
\$ 247,350	\$ 15,206	7.65%

GIFT AND ESTATE TAX EXEMPTION

There is no Wisconsin estate tax for deaths occurring in 2017. Illinois exemption equivalent to \$4,000,000 with 16% maximum tax rate.

INDIVIDUAL INCOME TAX RATES¹

Single

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 9,325	10%	\$ 0
\$ 9,326 – \$ 37,950	\$ 932.50 + 15%	\$ 9,325
\$ 37,951 – \$ 91,900	\$ 5,226.25 + 25%	\$ 37,950
\$ 91,901 – \$191,650	\$ 18,713.75 + 28%	\$ 91,900
\$191,651 – \$416,700	\$ 46,643.75 + 33%	\$191,650
\$416,701 – \$418,400	\$120,910.25 + 35%	\$416,700
Over \$418,400	\$121,505.25 + 39.6%	\$418,400

Head of household

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 13,350	10%	\$ 0
\$ 13,351 – \$ 50,800	\$ 1,335.00 + 15%	\$ 13,350
\$ 50,801 – \$131,200	\$ 6,952.50 + 25%	\$ 50,800
\$131,201 – \$212,500	\$ 27,052.50 + 28%	\$131,200
\$212,501 – \$416,700	\$ 49,816.50 + 33%	\$212,500
\$416,701 – \$444,550	\$117,202.50 + 35%	\$416,700
Over \$444,550	\$126,950.00 + 39.6%	\$444,550

Married filing jointly or surviving spouse

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 18,650	10%	\$ 0
\$ 18,651 – \$ 75,900	\$ 1,865.00 + 15%	\$ 18,650
\$ 75,901 – \$153,100	\$ 10,452.50 + 25%	\$ 75,900
\$153,101 – \$233,350	\$ 29,752.50 + 28%	\$153,100
\$233,351 – \$416,700	\$ 52,222.50 + 33%	\$233,350
\$416,701 – \$470,700	\$112,728.00 + 35%	\$416,700
Over \$470,700	\$131,628.00 + 39.6%	\$470,700

Married filing separately

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 9,325	10%	\$ 0
\$ 9,326 – \$ 37,950	\$ 932.50 + 15%	\$ 9,325
\$ 37,951 – \$ 76,550	\$ 5,226.25 + 25%	\$ 37,950
\$ 76,551 – \$116,675	\$ 14,876.25 + 28%	\$ 76,550
\$116,676 – \$208,350	\$ 26,111.25 + 33%	\$116,675
\$208,351 – \$235,350	\$ 56,364.00 + 35%	\$208,350
Over \$235,350	\$ 65,814.00 + 39.6%	\$235,350

¹ These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 6,350
Head of household	\$ 9,350
Married filing jointly or surviving spouse	\$12,700
Married filing separately	\$ 6,350

CAPITAL GAINS TAX RATES

Type of gain	Maximum rate ¹
Short-term gain (assets held 12 months or less)	39.6%
Long-term gain (generally assets held more than 12 months)	15% or 20% ²
Long-term gain on collectibles	28%
Long-term gain attributable to certain depreciation recapture	25%
Gain on qualified small business stock held more than 5 years	14% ³
Long-term gain that would be taxed at 15% or less based on the taxpayer's ordinary-income rate	0%

¹ The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

² The 20% rate applies only to those with taxable income exceeding \$418,400 (singles), \$444,550 (heads of households), \$470,700 (joint filers) or \$235,350 (separate filers).

³ Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

ALTERNATIVE MINIMUM TAX

Single, head of household, married filing jointly or surviving spouse

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$0 – \$187,800	26%	\$ 0
Over \$187,800	\$48,828 + 28%	\$187,800

Married filing separately

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$0 – \$ 93,900	26%	\$ 0
Over \$ 93,900	\$24,414 + 28%	\$93,900

Exemptions

<i>Filing status</i>	<i>Exemption amount</i>
Single or head of household	\$54,300
Married filing jointly	\$84,500
Married filing separately	\$42,250

Exemption phaseouts based on AMT income

<i>Filing status</i>	<i>Income range of phaseout</i>
Single or head of household	\$120,700 – \$337,900
Married filing jointly	\$160,900 – \$498,900
Married filing separately	\$ 80,450 – \$249,450

STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	53.5 cents
Medical or moving	17 cents
Charitable	14 cents

FICA RATES AND EXPANDED MEDICARE TAXES

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$127,200, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,000 or more to household employees are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

PERSONAL EXEMPTION AND ITEMIZED DEDUCTION LIMITS

Exemption amount: \$4,050

Personal exemptions and many itemized deductions are reduced if adjusted gross income (AGI) exceeds certain levels: \$261,500 (singles), \$287,650 (heads of households), \$313,800 (joint filers) and \$156,900 (separate filers).

HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
Contribution	\$3,400	\$ 6,750
Catch-up contribution	\$1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$1,300	\$ 2,600
Maximum HDHP out-of-pocket costs	\$6,550	\$13,100

COVERDELL ESAs

Contribution limit per beneficiary: \$2,000

Phaseouts based on contributor's MAGI

Filing status	MAGI range of phaseout
Single or head of household	\$ 95,000 – \$110,000
Married filing jointly	\$190,000 – \$220,000

RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 18,000
Contributions to defined contribution plans	\$ 54,000
Contributions to SIMPLEs	\$ 12,500
Contributions to IRAs	\$ 5,500
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 6,000
Catch-up contributions to SIMPLEs	\$ 3,000
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$270,000
Highly compensated employee threshold	\$120,000
Annual benefit for defined benefit plans	\$215,000

LONG-TERM CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 410
41 to 50	\$ 770
51 to 60	\$1,530
61 to 70	\$4,090
Over 70	\$5,110

EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$16,920 per year
Pre-FRA in year you reach FRA	\$3,740 per month
FRA and after	None

ESTATE AND TRUST INCOME TAX RATES

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 2,550	15%	\$ 0
\$2,551 – \$ 6,000	\$ 382.50 + 25%	\$ 2,550
\$6,001 – \$ 9,150	\$1,245.00 + 28%	\$ 6,000
\$9,151 – \$12,500	\$2,127.00 + 33%	\$ 9,150
Over \$12,500	\$3,232.50 + 39.6%	\$12,500

GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Year	Exemption	Top rate
2016	\$5,450,000	40%
2017	\$5,490,000	40%

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$14,000 per recipient (\$28,000 if spouses elect "split-gift" treatment).

CORPORATE INCOME TAX RATES

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 50,000	15%	\$ 0
\$ 50,001 – \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 – \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 – \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 – \$10,000,000	\$ 113,900 + 34%	\$ 335,000
\$10,000,001 – \$15,000,000	\$3,400,000 + 35%	\$10,000,000
\$15,000,001 – \$18,333,333	\$5,150,000 + 38%	\$15,000,000
Over \$18,333,333	\$ 0 + 35%	\$ 0

Qualified personal service corporations are taxed at a flat 35% rate.

SECTION 179 EXPENSING

	2016	2017
Expensing limit	\$ 500,000	\$ 510,000
Phaseout threshold	\$2,010,000	\$2,030,000

BONUS DEPRECIATION

2016	2017
50%	50%

DEPRECIATION CLASSES AND METHODS

Class	Method	Examples
36-month	Straight-line	Software
3-year	200% DB ¹	Dies, molds, small tools
5-year	200% DB ¹	Vehicles, computers, office equipment
7-year	200% DB ¹	Manufacturing equipment, office furniture
7-year	150% DB ¹	Farm equipment
27.5-year	Straight-line	Rental residential buildings
39-year	Straight-line	Nonresidential buildings

¹ Declining-balance.

MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

RETIREMENT SAVINGS PLANS – INDIVIDUALS

INDIVIDUAL RETIREMENT ACCOUNTS

\$5,500 maximum deduction per taxpayer including non-working spouse (limit applies to combined contributions to *all* IRAs). For those born before 1968, the maximum deduction is \$6,500.

Regular IRA:

Phaseout ranges for active participant in another qualified plan:

Married filing jointly	\$ 99,000 – \$119,000 AGI	(no deduction
Single	\$ 62,000 – \$ 72,000 AGI	if AGI over
Head of household	\$ 62,000 – \$ 72,000 AGI	limits)
Married filing separately	\$ 0 – \$ 10,000 AGI	

Phaseout range for nonactive participant spouse of active participant in another plan:

Married filing jointly	\$186,000 – \$196,000 AGI
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ROTH IRA:

Nondeductible contribution: \$5,500 maximum (\$6,500 if born before 1968)

Phaseout ranges for contribution:

Married filing jointly	\$186,000 – \$196,000 AGI
Single	\$118,000 – \$133,000 AGI
Head of household	\$118,000 – \$133,000 AGI
Married filing separately	\$ 0 – \$ 10,000 AGI

SAVER'S TAX CREDIT

Tax credit equal to applicable percentage of first \$2,000 of contributions to IRA, Roth IRA, 401(k), 403(b), 457, SIMPLE, or SEP plans. Maximum credit is \$1,000. Credit does not apply if under age 18, a full-time student, or can be claimed as a dependent by another taxpayer. AGI phaseout range applies and determines applicable percentage. Other limits may apply.

REQUIRED MINIMUM DISTRIBUTION TABLE

Required minimum distribution from IRA or qualified plan is the balance in the plan account as of December 31 of the prior year (i.e., for 2017, Dec. 31, 2016) divided by the distribution period for the beneficiary's age as of the end of 2017.

Age of Employee	Distribution Period	Age of Employee	Distribution Period	Age of Employee	Distribution Period
70	27.4	85	14.8	100	6.3
71	26.5	86	14.1	101	5.9
72	25.6	87	13.4	102	5.5
73	24.7	88	12.7	103	5.2
74	23.8	89	12.0	104	4.9
75	22.9	90	11.4	105	4.5
76	22.0	91	10.8	106	4.2
77	21.2	92	10.2	107	3.9
78	20.3	93	9.6	108	3.7
79	19.5	94	9.1	109	3.4
80	18.7	95	8.6	110	3.1
81	17.9	96	8.1	111	2.9
82	17.1	97	7.6	112	2.6
83	16.3	98	7.1	113	2.4
84	15.5	99	6.7	114	2.1
				115+	1.9

MISCELLANEOUS – INDIVIDUAL

ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, you are generally required to pay through withholding or estimated tax payments the lesser of:

1. 100% of prior year tax liability, or
2. 90% of current year tax liability.

In 2017, taxpayers with 2016 Adjusted Gross Income (AGI) exceeding \$150,000 (\$75,000 for married filing separately) must pay the lesser of:

1. 110% of prior year tax liability, or
2. 90% of current year tax liability.

2017 estimated tax payments for individuals are due in 2017 by:
April 18 June 15 September 15 January 16 (2018)

ADDITIONAL STANDARD DEDUCTION INFORMATION

Additional – blind or elderly

Single / Head of household	\$1,550
Married	\$1,250

Dependent – you are allowed to deduct the greater of the standard deduction (\$1,050) or earned income plus \$350, up to the maximum of the regular single standard deduction.

KIDDIE TAX

Special rules apply for taxation of unearned income greater than \$2,100 for a child who is under 18 or a student under age 24 whose earned income is not more than one-half of the child's support.

CHILD TAX CREDIT

\$1,000 credit per qualifying child under age 17 (may be refundable under certain circumstances).

Credit reduced by \$50 for every \$1,000 (or fraction) of modified Adjusted Gross Income (AGI) over threshold amounts of:

Married filing jointly	\$110,000
Single	\$ 75,000
Head of household	\$ 75,000
Married filing separately	\$ 55,000

PER DIEM RATES

Continental U.S. (CONUS)	Lodging	Meals + Incidental Expenses (M&IE)	Total
Standard Rate ¹	\$91	\$51	\$142

¹ Higher rates may apply to designated "high cost" areas and travel outside of the continental U.S.

SOCIAL SECURITY BENEFITS

Taxable benefits

Social Security received is taxable if Adjusted Gross Income (AGI), plus tax-exempt interest, and one half of Social Security received exceeds the base amounts. The taxable amount is the lesser of the percentage of excess over the base amount, or the percentage of benefit received.

	50%	85%
Married filing jointly	\$ 32,001 – \$ 44,000	\$ 44,001 +
Single/Head of household	\$ 25,001 – \$ 34,000	\$ 34,001 +
Married filing separately	\$ 0	\$ 0

Wisconsin and Illinois do not tax Social Security benefits.

EDUCATIONAL OPTIONS

AMERICAN OPPORTUNITY CREDIT

The maximum credit is \$2,500 per student (100% of the first \$2,000 and 25% of the next \$2,000 of tuition, fees and course materials) for the first four years of postsecondary education. Up to 40% of the credit may be refundable under certain circumstances. Must have Form 1098-T to take the credit.

For married taxpayers filing a joint return, the Adjusted Gross Income phaseout range is \$160,000-\$180,000. The credit is not available for married taxpayers filing a separate return. For all other taxpayers, the Adjusted Gross Income phaseout range is \$80,000-\$90,000.

LIFETIME LEARNING CREDIT

The maximum nonrefundable credit is \$2,000 per tax return (20% of up to \$10,000 qualified education tuition and fees). Must have Form 1098-T to take the credit.

For married taxpayers filing a joint return the Adjusted Gross Income phaseout range is \$112,000-\$132,000. The credit is not available for married taxpayers filing a separate return. For all other taxpayers the Adjusted Gross Income phaseout range is \$56,000-\$66,000.

STUDENT LOAN INTEREST DEDUCTION

Maximum deduction is \$2,500 for interest paid on qualified education loans.

For married taxpayers filing a joint return the Adjusted Gross Income phaseout range is \$135,000-\$165,000. The deduction is not available for married taxpayers filing a separate return. For all other taxpayers the Adjusted Gross Income phaseout range is \$65,000-\$80,000.

QUALIFIED TUITION DEDUCTION

This deduction expired on 12/31/2016, and, as of the publication date of this guide, has not been extended through 2017. Please consult your SVA tax advisor for any updates.

COVERDELL EDUCATION SAVINGS ACCOUNTS (EDUCATION IRA)

Nondeductible contributions of up to \$2,000 per beneficiary per year.

For married taxpayers filing a joint return the Adjusted Gross Income phaseout range is \$190,000-\$220,000. For single taxpayers the Adjusted Gross Income phaseout range is \$95,000-\$110,000.

QUALIFIED TUITION PROGRAMS / 529 PLANS / EDVEST

Wisconsin allows a deduction for any contributor of up to \$3,100* per beneficiary for contributions made to the Wisconsin EdVest and Tomorrow's Scholar Programs. Contributions may be made until April 15 of the following year (April 15, 2018 for the 2017 tax year) and may be carried forward to future years if in excess of allowed deduction. Special rules apply for formerly married parents. No deduction if contribution is withdrawn within 365 days of contribution date.

Illinois allows a deduction for contributions made to the following 529 plans: "College Illinois!", Bright Start College Savings Plan, and Bright Directions College Savings Program. A maximum of \$10,000 (\$20,000 for joint return) is deductible.

WISCONSIN TUITION DEDUCTION

College/University

Wisconsin allows a deduction of up to \$6,943¹ per student (dependent child, spouse, or taxpayer) for tuition and mandatory student fees paid to a college or university.

For married taxpayers filing a joint return, the phaseout range based on line 1 of the Wisconsin return is \$84,160-\$105,200¹. The phaseout range for married taxpayers filing a separate return is \$42,080-\$52,600¹. The phaseout range for single taxpayers is \$52,600-\$63,120¹.

¹ The above deduction and phaseout ranges represent the 2016 amounts. The 2017 thresholds were not released as of the publication date of this guide. Please consult your SVA tax advisor.

Elementary/Secondary

The deduction for tuition paid to qualified private schools is a maximum of \$4,000 for elementary education and \$10,000 for secondary education per student with no phaseout.

TAX SERVICES

Our goal at SVA is to help our clients succeed and be there every step of the way. That's why our firm emphasizes year-round tax planning with a proactive approach.

SVA has a team of tax professionals with the expertise, experience and knowledge to identify tax issues and ideas for our clients' specific situations. We strive to balance tax compliance, tax strategies, and tax planning with an integrated approach — maximizing efficiencies and goals while reducing tax liabilities. We aim to add value by implementing, monitoring and creating tax strategies that coincide with our clients' overall business plan.

SVA's team of tax professionals is dedicated to monitoring the ever changing tax laws in anticipation of our clients' needs and communicating these changes to our clients. We are a full service tax department delivering Measurable Results.

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