



Wisconsin Taxpayers Alliance

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NEWS

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Many Federal, Few Wisconsin Changes to Income Tax Laws New Pocket Guide for Filing 2008 Returns Available from WISTAX

MADISON—Federal tax changes for tax year 2008 benefit first-time homebuyers, those affected by floods and other Wisconsin disasters, and military personnel, according to the Wisconsin Taxpayers Alliance (WISTAX). Increased mileage rates for business use of a vehicle, for medical expenses, and for moving expenses benefit those who itemize deductions. Explanations of the changes and “plain-English” instructions for filing federal and state tax returns are available in *Taxes09*, WISTAX’s pocket tax guide. WISTAX is a nonprofit, nonpartisan organization dedicated to public-policy research and citizen education.

State income tax changes were limited in 2008, mainly benefiting students and seniors. Wisconsin’s college tuition deduction increased to \$5,114, and Social Security payments are no longer taxed by the state.

Federal Income Tax Changes

Changes affecting federal taxes for the 2008 tax year include:

- The standard deduction increases by up to \$500 (\$1,000 if married filing jointly) for those who paid property taxes. No itemized forms are necessary.
- Personal exemptions increased to \$3,500 per person (from \$3,400 in 2007), and may be higher for Wisconsin residents displaced by certain disasters.
- A new \$7,500 refundable credit for first-time homebuyers is available. Under current law, the credit must be repaid, without interest, over a 15-year period.
- The Hope Credit has increased to \$1,800 (from \$1,650 in 2007) for eligible college education expenses paid by taxpayers with income below specified limits.
- The unearned income of a dependent child is taxed according to the parental tax bracket until the child is age 19, or 24 if a full-time student.
- Reservists, regardless of age, may take IRA distributions without the 10% withdrawal penalty when called into active duty.

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state’s oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

- The rate for business use of a vehicle is 50.5¢ per mile through June 30, 2008, then increases to 58.5¢ for the remainder of 2008. The rate for medical or moving expenses is 19¢ per mile through June 30, then increases to 27¢. The charitable mileage rate remains at 14¢, with the exception of Midwestern disaster relief (36¢ per mile through June 30, then increases to 41¢ through December 31).

State Income Tax Changes

Changes in Wisconsin's income taxes for tax year 2008 are minimal.

- The maximum deduction for tuition expenses is increased to \$5,114 per student (up from \$4,843 in 2007).
- No state tax will be applied to Social Security payments.

WISTAX's pocket guide, **Taxes09**, also contains detailed instructions for Wisconsin's homestead credit program and the farmland preservation program. Specific information is given on other taxes, including rate and collection information for the estate, gift, excise, sales, and property taxes. Other topics, such as adoption expenses, armed forces member credit, working family credit, and certain retirement benefits are covered.

Along with easy-to-understand instructions for filing federal and state individual income tax returns for 2008, **Taxes09** has information on other federal, state, and local taxes. **Taxes09** can be purchased directly from the Wisconsin Taxpayers Alliance, 401 North Lawn Avenue, Madison, WI 53704-5033. The single-copy price is \$3.95 (including sales tax). Quantity discounts are available. Contact WISTAX at 608.241.9789 or wistax@wistax.org for prices.

(Editor's Note: An electronic version of this release is available at www.wistax.org.)