

**Schedule U**

Wisconsin  
Department of Revenue

**Underpayment of Estimated Tax  
By Individuals, Partnerships, and Fiduciaries**

Enclose with Wisconsin Form 1, 1NPR, 2, or 3

**2021**

Legal name(s) shown on tax return

Identifying number

**PART I Required Annual Payment** – All filers must complete this part.

1	Fill in your 2021 net tax (from Form 1, line 18; Form 1NPR, line 51; Form 2, line 10; or Form 3, line 1) . . . .	1	
2	Other credits (see instructions) . . . . .	2	
3	Subtract line 2 from line 1. If zero or less, do not complete or file this form . . . . .	3	
4	Multiply line 3 by 90% (.90) . . . . .	4	
5	Wisconsin tax withheld for 2021 . . . . .	5	
6	Subtract line 5 from line 3. If less than \$500, do not complete or file this form . . . . .	6	
7	Fill in your prior year (2020) tax (see instructions) . . . . .	7	
8	Required annual payment. Fill in the smaller of line 4 or line 7 (see instructions) . . . . .	8	

**PART II Short Method** – You may use this method if you did not make estimated tax payments or if you made estimated tax payments on the due dates and in four equal amounts. Otherwise, use the regular method (Part III).

9	Fill in the amount, if any, from line 5 above . . . . .	9	
10	Fill in the total amount, if any, of estimated tax payments you made . . . .	10	
11	Add lines 9 and 10 . . . . .	11	
12	Total underpayment for year. Subtract line 11 from line 8. If the result is zero or less, stop here; you do not owe underpayment interest . . . . .	12	
13	Multiply line 12 by .0798 and fill in the result . . . . .	13	
14	• If the amount on line 12 was paid on or after 4/15/22, enter -0-. • If the amount on line 12 was paid before 4/15/22, make the following computation to find the amount to enter on line 14: Amount on line 12 X Number of days paid before 4/15/22 X .0003287 . . . . .	14	
15	Underpayment interest. Subtract line 14 from line 13. Also write this amount on line 40 of Form 1, line 73 of Form 1NPR, line 24 of Form 2, or line 3 of Form 3. Then increase the amount you owe or decrease your refund accordingly . . . . . <b>Total Due</b> ▶	15	\$

**PART III Regular Method**

**Due Dates of Installments\***

		(a)	(b)	(c)	(d)
		April 15, 2021	June 15, 2021	Sept. 15, 2021	Jan. 18, 2022
16	Divide line 8 by four (4) and see instructions . . . . .	16			
17	Estimated tax paid (see instructions) . . . . .	17			
18	Tax withheld (see instructions) . . . . .	18			
19	Add lines 17 and 18. This is your total payment . . . . .	19			
20	If line 19 is smaller than line 16, subtract line 19 from line 16. This is your underpayment (see instructions) . .	20			
21	If line 19 is larger than line 16, subtract line 16 from line 19. This is your overpayment . . . . .	21			
22	Carryback of overpayment or late payment (see instructions) . . . . .	22			
23	Carryforward of overpayment (see instructions) . . . . .	23			
24	Subtract the total of lines 22 and 23 from line 20. This is your net underpayment . . . . .	24			
25	Number of days from the due date of the installment to the date carryback amount on line 22 was paid . . . .	25			
26	Number of days from the due date of the installment to the date balance due on tax return was paid or April 15, 2022, whichever is earlier . . . . .	26			
27	Interest: $\frac{\text{Days on line 25}}{365} \times .12 \times \text{Amount on line 22}$ . . . . .	27	\$	\$	\$
28	Interest: $\frac{\text{Days on line 26}}{365} \times .12 \times \text{Amount on line 24}$ . . . . .	28	\$	\$	\$
29	Underpayment interest. Fill in the sum of all amounts on lines 27 and 28. Also write this amount on line 40 of Form 1, line 73 of Form 1NPR, line 24 of Form 2, or line 3 of Form 3. Then increase the amount you owe or decrease your refund accordingly . . . . . <b>Total Due</b> ▶	29			\$

\* The due dates shown are for calendar year taxpayers. Adjust these dates accordingly for fiscal year returns.

Legal name(s) shown on tax return	Identifying number
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**PART IV Annualized Income Installment Method Worksheet** – Complete lines 30 through 50 only if computing installments using annualized income installment method.

**(Caution:** Complete one column through line 50 before completing the next column.)

(Estates and trusts, do not use the period ending dates shown to the right. Instead, substitute the following: 2/28/21, 4/30/21, 7/31/21, and 11/30/21.)		1/1/21 to 3/31/21	1/1/21 to 5/31/21	1/1/21 to 8/31/21	1/1/21 to 12/31/21
<b>30</b> Fill in your Wisconsin income for each period shown (See instructions) . . . . .	<b>30</b>				
<b>31</b> Annualization amounts. (Estates and trusts, do not use amounts shown to the right. Instead, use 6, 3, 1.71429, and 1.09091.) . . .	<b>31</b>	4	2.4	1.5	1
<b>32</b> Annualized income (multiply line 30 by line 31) . . . . .	<b>32</b>				
<b>33</b> Standard deduction and net operating loss (see instructions) .	<b>33</b>				
<b>34</b> Subtract line 33 from line 32 . . . . .	<b>34</b>				
<b>35</b> Fill in your deduction for exemptions (see instructions) . . . . .	<b>35</b>				
<b>36</b> Subtract line 35 from line 34 . . . . .	<b>36</b>				
<b>37</b> Fill in your tax on the amount on line 36 (see instructions) . . .	<b>37</b>				
<b>38</b> Fill in your nonrefundable credits (see instructions) . . . . .	<b>38</b>				
<b>39</b> Subtract line 38 from line 37. If zero or less, fill in -0- (If filing Form 1NPR, see instructions) . . . . .	<b>39</b>				
<b>40</b> Fill in your refundable credits (see instructions) . . . . .	<b>40</b>				
<b>41</b> Subtract line 40 from line 39. If zero or less, fill in -0- . . . . .	<b>41</b>				
<b>42</b> Applicable percentage . . . . .	<b>42</b>	22.5%	45%	67.5%	90%
<b>43</b> Multiply line 41 by line 42 . . . . .	<b>43</b>				
<b>44</b> Fill in the combined amounts of line 50 from all preceding columns . . . . .	<b>44</b>				
<b>45</b> Subtract line 44 from line 43. If zero or less, fill in -0- . . . . .	<b>45</b>				
<b>46</b> Divide line 8 in Part I on page 1 of Schedule U by four (4) and fill in the result in each column . . . . .	<b>46</b>				
<b>47</b> Fill in the amount from line 49 of the preceding column of this worksheet . . . . .	<b>47</b>				
<b>48</b> Add lines 46 and 47 . . . . .	<b>48</b>				
<b>49</b> Subtract line 45 from line 48. If zero or less, fill in -0- . . . . .	<b>49</b>				
<b>50</b> Fill in the smaller of line 45 or line 48 here and on line 16 of Schedule U (see instructions) . . . . .	<b>50</b>				

**CAUTION:**

- The total of the amounts on line 50 should equal line 8 of Part I of Schedule U.
- Period ending dates shown above are for calendar year taxpayers. Adjust these dates accordingly for fiscal year returns.
- If the above worksheet is used to figure the amount to enter in any column of line 16 of Schedule U, it must be used to figure the amounts to enter in all four columns.

# 2021 Wisconsin Schedule U Instructions

## Purpose of Schedule U

Use Schedule U to see if you owe interest for underpaying your estimated tax and, if you do, to figure the amount of interest you owe. It may be used by individuals, partnerships, estates, and trusts (except trusts subject to the Wisconsin tax on unrelated business income must use Form U, *Underpayment of Estimated Tax by Corporations*).

## Who Must Pay Underpayment Interest

If you did not pay enough estimated tax by any due date, or if you did not have enough Wisconsin income tax withheld, you may be charged interest on the underpayment. This is true even if you have a refund when you file your tax return. Underpayment interest is figured separately for each due date. Therefore, you may owe underpayment interest for an earlier payment due date, even if you pay enough tax later to make up the underpayment.

In general, you may owe underpayment interest for 2021 if you did not pay at least the smaller of

- 90% of your current year (2021) tax liability, or
- 100% of your prior year (2020) tax liability if you filed a 2020 return that covered a full 12 months.

**Note:** The alternative to pay 100% of prior year tax liability does **not** apply to an estate or trust with taxable income of \$20,000 or more.

## Exception Codes

You will not owe underpayment interest if the total tax shown on your 2021 return minus the amount of tax you paid through withholding is less than \$500. To determine whether you qualify for this exception, complete lines 1 through 6.

If this exception does not apply to you, see below for other exceptions which may apply.

Following are the exception codes to enter on your income tax return if they apply. If more than one exception code applies to you, enter the lowest applicable code number in the space.

<b>Code 02</b> Prior full-year resident 12-month tax return was zero (page 1)	<b>Code 07</b> Active duty stationed outside U.S. (page 2)
<b>Code 03</b> Estate or grantor trust-within 2 years of date of death (page 1)	<b>Code 08</b> Tax not withheld evenly throughout the year (page 3)
<b>Code 04</b> Farming or fishing (page 1)	<b>Code 09</b> Net operating loss (page 5)
<b>Code 05</b> Casualty, disaster, or other unusual circumstance (page 2)	<b>Code 10</b> Federally-declared disaster or terroristic military action (page 1)
<b>Code 06</b> Retired or disabled (page 2)	

## Exceptions

You will not have to pay underpayment interest if any one of the following applies:

- (1) You were a Wisconsin resident for the **entire** 2020 year, your tax liability for 2020 was zero, and your 2020 tax return was (or would have been had you been required to file) for a full 12 months. If you (and your spouse if filing a joint return) qualify for this exception, enter exception code "02" in the space on the underpayment interest line of your return.
- (2) The taxpayer is an estate or grantor trust funded on account of a decedent's death and the tax return is for a tax year that ends within two years after the date of death. Enter exception code "03" in the space on the underpayment interest line of Form 2.
- (3) Your gross income from farming or fishing during 2020 or 2021 is at least two-thirds of your total gross income and you file your 2021 Wisconsin return and pay the balance due on or before March 1, 2022. Enter exception code "04" in the space on the underpayment interest line of your return.

**Note:** Total gross income is the joint total gross income of a married couple filing a joint return.

- (4) You qualify for an extension of time to file your 2021 federal return or make any of your federal estimated tax payments because of a federally-declared disaster or terroristic or military action. Enter exception code "10" in the space on the underpayment interest line of your return.

## Waiver of Underpayment Interest

If you have an underpayment on line 20 for any payment due date, you may apply for a partial or total waiver of the interest for that underpayment if:

- You underpaid because of a casualty, disaster, or other unusual circumstance and exception (4) on page 1 does not apply to you (use exception code "05").
- In 2020 or 2021 you retired after age 62 or became disabled and your underpayment was due to reasonable cause and not willful neglect (use exception code "06").
- You were on active duty with the United States armed forces and were stationed outside the continental United States (use exception code "07").

To apply for a partial or total waiver, enter the appropriate exception code in the space on the underpayment interest line of your return.

If applying for a **partial waiver**, also complete lines 1 through 8 and 16 through 29 of Schedule U. Enclose Schedule U and an explanation of how you qualify for the waiver and how much of the underpayment interest should be waived with your return.

If applying for a **total waiver**, do not complete Schedule U. Instead, enclose an explanation with your return titled "Application for Waiver of Interest on Underpayment of Estimated Tax."

## Part I – Required Annual Payment

Complete lines 1 through 8 to figure your required annual payment.

**Note:** If you file an amended 2021 return, use the amounts shown on your amended return to figure your underpayment.

### Line 2

Fill in on line 2 the total of the refundable credits from your 2021 return (lines 26 through 31 of Form 1, lines 59 through 64 of Form 1NPR, or lines 14 and 15 of Form 2).

### Line 7

**Prior Year Tax** Figure your 2020 tax. Use the net tax from your 2020 return (line 19 of Form 1, line 53 of Form 1NPR, line 10 of Form 2, or line 1 of Form 3), less any refundable credits (from lines 27 through 32 of Form 1, lines 61 through 66 of Form 1NPR, or lines 14 and 15 of Form 2).

If your 2020 return was adjusted either by the department or by the filing of an amended return, use the adjusted amounts when determining your prior year tax.

**CAUTION** Do not complete line 7 if any one of the following applies. Instead, fill in the amount from line 4 on line 8.

- Your 2020 tax was for less than 12 months, or
- The taxpayer is an estate or trust and has 2021 taxable income of \$20,000 or more.

**Filing Status Change** If you are filing a joint return for 2021, but you did not file a joint return for 2020, add the tax shown on your 2020 return to the tax shown on your spouse's 2020 return and fill in the total on line 7.

If you filed a joint return for 2020 but you are not filing a joint return for 2021, your 2020 tax is your share of the tax on the joint return. To figure your share, first figure the tax both you and your spouse would have paid had you filed separate returns for 2020. Then multiply your joint tax liability by the following fraction:

$$\frac{\text{Your separate tax liability}}{\text{Both spouses' separate tax liabilities}}$$

### Line 8

If the amount on line 5 is equal to or more than the amount on line 8, do not complete the rest of Schedule U. You do not owe underpayment interest.

## Part II – Short Method

You may use the short method if:

- You made no Wisconsin estimated tax payments (or your only payments were withheld Wisconsin income tax), or
- You made estimated tax payments in four equal amounts by the due dates.

**Note:** If any payment was made early, using the short method may cause you to pay more interest than the regular method. If the payment was only a few days early, the difference will generally be small.

Do not use the short method if:

- You made any of your estimated tax payments late, or
- You want to use the annualized income installment method (see Part IV), or
- You treat withholding as paid when it was actually withheld, instead of in four equal amounts, or
- You claim a waiver for any period (see “Waiver of Underpayment Interest” on page 2).

If you can use the short method, complete lines 9 through 15 and do not complete the rest of Schedule U. Otherwise, go on to Part III.

## Part III – Regular Method

Complete lines 16 through 29 to compute underpayment interest using the regular method.

### Line 16

**Required Installments** Divide the amount on line 8 by four (4) and fill in the result in each column.

### Exceptions

- If you did not receive your income evenly throughout the year, you may be able to lower the amount of your required installment for the due dates by using the annualized income installment method. See Part IV for further information.
- If your gross income from farming or fishing for 2020 or 2021 is at least two-thirds of your total gross income, fill in the amount from line 8 in the last column of line 16. Fill in 0 (zero) in the first three columns. Also, enter exception code “04” in the space on the underpayment interest line of your return. **Note:** A partnership cannot use exception code “04”. Under sec. 71.09(1)(a), Wis. Stats., a farmer or fisher must be an individual, estate, or trust.

### Line 17

**Estimated Tax Paid** Fill in the estimated tax that you (and your spouse if filing a joint return) paid for each installment period. Do not fill in on line 17 any payment made after January 18, 2022. Any payment made after January 18, 2022, and before April 15, 2022, should be entered on line 22 as a late payment.

**Exception** If you file your 2021 income tax return and pay the balance due by January 31, 2022, that payment will be accepted as your January 18 installment payment.

### Line 18

**Tax Withheld** You are considered to have paid one-fourth of any withheld Wisconsin income tax on each payment due date unless you can show otherwise. Fill in one-fourth of any withheld Wisconsin income tax in each of the four columns.

If your tax was not withheld evenly throughout the year, you may fill in the amounts actually withheld during each period. Also, enter exception code “08” in the space on the underpayment interest line of your return.

### Line 20

**Underpayment** If line 20 is zero in all four columns, do not complete the rest of Schedule U. You do not have an underpayment. If there is any amount in any column of line 20, complete the rest of Part III.

### Lines 22 and 23

Complete lines 22 and 23 only if you have an overpayment on line 21 for one or more installment periods. If you carry back more than one overpayment to a prior installment period, fill in separately on line 22 each carryback used. Overpayments should be carried back and/or carried forward in the following order:

1. Any overpayment on line 21, column (a), should be carried forward to the next installment period with an underpayment and entered on line 23. Any remaining excess should be carried forward to the next installment period with an underpayment and entered on line 23, etc.
2. Any overpayment on line 21, column (b), should be carried back to an underpayment in column (a) and entered on line 22. Any remaining excess should be carried forward to the next installment period with an underpayment and entered on line 23.

3. Any overpayment on line 21, column (c), should be carried back to underpayment(s) in column (b), then column (a) and entered on line 22. Any remaining excess should be carried forward to an underpayment in column (d) and entered on line 23.
4. Any overpayment on line 21, column (d), should be carried back to underpayment(s) in column (c), then column (b), then column (a) and entered on line 22.

**Exception** If you made an estimated tax payment after January 18, 2022, but before April 15, 2022, fill in the amount of that payment on line 22 in column (c). However, do not fill in more than the amount on line 20. Any excess may be carried back to the next prior period, etc.

**CAUTION** If you have an overpayment in more than one column, see “Example of Carryforward and Carryback” for clarification of how to apply the overpayments to any underpayments.

**Example of Carryforward**

Column (a), line 21, has an overpayment of \$1,000. Columns (b), (c), and (d), line 20, each have underpayments of \$400. First, carryforward \$400 of the overpayment from column (a) to column (b) by entering \$400 on line 23. Second, carryforward \$400 of the overpayment from column (a) to column (c) by entering \$400 on line 23. Lastly, carryforward the remaining overpayment of \$200 from column (a) to column (d) by entering \$200 on line 23.

	Column (a)	Column (b)	Column (c)	Column (d)
Line 20		\$400	\$400	\$400
Line 21	\$1,000			
Line 22				
Line 23		\$400	\$400	\$200

**Example of Carryback**

Columns (a), (b), and (c), line 20, each have underpayments of \$500. Column (d), line 21, has an overpayment of \$1,200. First, carryback \$500 from column (d) to column (c) by entering \$500 on line 22. Second, carryback \$500 from column (d) to column (b) by entering \$500 on line 22. Lastly, carryback the remaining overpayment of \$200 from column (d) to column (a) by entering \$200 on line 22.

	Column (a)	Column (b)	Column (c)	Column (d)
Line 20	\$500	\$500	\$500	
Line 21				\$1,200
Line 22	\$200	\$500	\$500	
Line 23				

**Example of Carryforward and Carryback**

Both columns (a) and (c), line 21, have an overpayment of \$500. Both columns (b) and (d), line 20, have an underpayment of \$600. First, carryforward the overpayment of \$500 from column (a) to column (b) by entering \$500 on line 23. Second, carryback \$100 from column (c) to column (b) by entering \$100 on line 22. Lastly, carryforward the remaining overpayment of \$400 from column (c) to column (d) by entering \$400 on line 23.

	Column (a)	Column (b)	Column (c)	Column (d)
Line 20		\$600		\$600
Line 21	\$500		\$500	
Line 22		\$100		
Line 23		\$500		\$400

**Lines 25 through 29**

Complete lines 25 through 29 to determine the amount of interest due on the underpayment. Only complete lines 25 and 27 when an overpayment or late payment is carried back on line 22. If you apply more than one payment to a given installment, enclose a statement showing a separate computation for each payment.

## Part IV – Annualized Income Installment Method Worksheet

If your income varied during the year, you may be able to lower or eliminate the underpayment interest for one or more installments by using the annualized income installment method. Use the worksheet in Part IV to figure the amount to fill in on line 16 of Schedule U. Enter exception code “08” in the space on the underpayment interest line of your return.

**Exception** If you have a net operating loss (NOL) carryforward or carryback on line 33, do not enter exception code “08.” Instead, enter exception code “09.”

### Line 30

**Income** Nonresident and part-year resident individuals, fill in the larger of Wisconsin or federal income for each period. Partnerships should enter the entity’s Wisconsin net income for each period. **Note:** For any period Wisconsin income is zero or less, fill in 0 (zero).

### Line 33

**Standard Deduction** Use the amount on line 32 to determine your standard deduction from the Standard Deduction Table in the 2021 Form 1 instructions. Nonresidents and part-year residents must use their annualized federal income to determine the standard deduction from the table in the 2021 Form 1NPR instructions. Partnerships, estates, and trusts, fill in 0 (zero) on this line.

**Net Operating Loss** If you have an NOL carryforward or carryback, determine the amount allowable for each period. Enter exception code “09” in the space on the underpayment interest line of your return.

Fill in on line 33 the total standard deduction and NOL carryforward or carryback for each period.

### Line 35

**Deduction for Exemptions** Fill in the deduction for exemptions from line 8c of your 2021 Form 1 or line 36c of your 2021 Form 1NPR. Partnerships, estates, and trusts, fill in 0 (zero) on this line.

### Line 37

**Tax** Use the tax table in the instructions for your 2021 Wisconsin tax form to compute the amount of tax to fill in on line 37. Partnerships must multiply the amount on line 36 by 7.9%.

### Line 38

**Nonrefundable Credits** Fill in the total credits from line 17 of your 2021 Form 1 or lines 41 and 50 of your 2021 Form 1NPR in all four columns. Estates and trusts should fill in the amount of credit from line 9 of the 2021 Form 2 in all four columns. Partnerships should fill in the amount of credit from line 20 of the 2021 Schedule 3-ET in all four columns.

### Line 39

**Proration** Nonresident and part-year resident individuals, prorate the amounts to be filled in by the ratio of your annualized Wisconsin income to your annualized federal adjusted gross income.

### Line 40

**Refundable Credits** Fill in the total credits from lines 26 through 31 of your 2021 Form 1 or lines 59 through 64 of your 2021 Form 1NPR in all four columns. Estates and trusts should fill in the total credits from lines 14 and 15 of your 2021 Form 2 in all four columns. Partnerships should fill in the amount of the credit(s) included in line 8 of Form 3.

### Line 44

Add the amounts from line 50 in all preceding columns and enter this amount on line 44. **Example:** Line 50 shows \$500 in the first column and \$800 in the second column. The amount to enter on line 44, column 3, is \$1,300 (\$500 + \$800).

### Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 5, 2021: 26 USC 7508A and ch. 71, Wis. Stats.