

**Wisconsin Department of Revenue**

WI Dept of Revenue | Division of Income, Sales, and Excise Tax  
 Wisconsin Tax Update – Fall 2024 R. 10/31/2024

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**Mission**  
 Strengthen Wisconsin through fair tax and lottery administration, while educating and serving the public, our customers and communities.

**Vision**  
 To be the premier agency in providing innovative, accessible resources, and exceptional customer service built on a foundation of trust, inclusivity and creativity.

**Values**

- Integrity      • Innovation      • Inclusivity
- Knowledge    • Empathy        • Security

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**Topics**

- ▷ Sales and Use Tax
- ▷ Income and Franchise Tax
- ▷ Excise Taxes & Alcohol Beverage Regulation
- ▷ Other
  - Sales Suppression Devices
  - Unclaimed Property
  - Police and Fire Protection Fee
  - Filing Tips
  - My Tax Account Updates
  - Department Initiatives and Statistics

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Sales and Use Tax



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Sales and Use Tax Rate Increase

- ▷ Manitowoc County adopts 0.5% sales and use tax
- ▷ Effective January 1, 2025
- ▷ Use tax applies to the purchase price of taxable products, goods, and services that are stored, used or consumed in Manitowoc County
- ▷ Sales tax applies to the sale price of taxable sales in Manitowoc County regardless of the seller's location



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Sales and Use Tax Rate Increase

Reminder - Milwaukee Taxes

- ▷ Effective January 1, 2024
  - City of Milwaukee imposes 2% sales and use tax
  - Milwaukee County sales and use tax increases from 0.5% to 0.9%



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### Sales and Use Tax Rate Increase

- ▷ Transitional provisions and special rules apply to new tax rates
  - See Fact Sheet 2414
- ▷ Out-of-state sellers must also collect state, county, and city of Milwaukee sales taxes if their gross sales in Wisconsin exceed \$100,000 in the current or prior calendar year


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### Wisconsin State and Local Sales Tax Rate Look-Up

- ▷ Effective January 1, 2024, sellers may no longer use a 5-digit zip code without a street address to determine jurisdiction and tax rate for a transaction.
- ▷ Sellers may use DOR's sales tax rate look-up tool using:
  - Street address and 5-digit zip code, or
  - 9-digit zip code (Zip+4)
  - <https://www.revenue.wi.gov/Pages/Apps/strb.aspx>
- ▷ Sellers and software programmers may use Wisconsin's Rate and Boundary Database file to program Wisconsin sales tax rates into software
  - <https://www.revenue.wi.gov/Pages/SSTP/ratebound.aspx>


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### Wisconsin Businesses – Sales Tax in Other States

- ▷ Wisconsin businesses that make sales into another state may owe sales tax in the other state.
- ▷ Wisconsin businesses may qualify for free sales tax calculation and reporting services in 23 other states, including:
  - Software integration and calculation of tax due at the time of sale
  - Preparation and filing of sales tax returns and submitting payments
  - Audit assistance
- ▷ Visit [www.streamlinedsalestax.org](http://www.streamlinedsalestax.org) to learn more.
- ▷ Streamlined's website has [state-by-state guidance](#) to help determine if a remote seller has a sales tax collection responsibility in each state.


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Real Property Construction Activities

**2023 Wis. Act 12**

- ▷ Effective June 22, 2023
- ▷ DOR may determine by rule whether tangible personal property that is affixed to real property is a real property construction activity
- ▷ Revisions to chapter Tax 11 of the Wis. Adm. Code are still being drafted



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New Exemption – Qualified Data Centers

**2023 Wis. Act 19**

- ▷ Creates an exemption for qualified data centers in sec. 77.54(70), Wis. Stats.
- ▷ See Fact Sheet 2114
- ▷ Wisconsin Economic Development Corporation (WEDC) may contract with a business to certify a qualified data center for purposes of claiming the sales tax exemption for:
  - Tangible personal property used exclusively for development, construction, renovation, operation, etc., of a qualified data center
  - Tangible personal property used for water cooling or conservation systems exclusively for qualified data centers
  - Tangible personal property sold to a construction contractor and transferred to a qualified data center as a component in real property construction



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New Exemption – Qualified Data Centers

**2023 Wis. Act 19**

- ▷ The exemption is not available for a data center until it is certified by WEDC
- ▷ No pre-approval required from WDOR to claim the exemption
- ▷ Provide suppliers with a fully completed exemption certificate:
  - **Form S-211:** Check the box for "other exemptions provided by law" and enter "qualified data center [enter name of qualified data center]."
  - **S-211E:** Check the box for "Qualified Data Center – [name of qualified data center]."
- ▷ If the property purchased exempt is later used in a taxable manner, the contractor is liable for use tax on the purchase price of those items.



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New Exemption – Local Professional Baseball Park District

**2023 Wis. Act 19**

- ▷ Effective December 7, 2023
- ▷ Creates an exemption for sales of tangible personal property and taxable services sold to a local professional baseball park district under subchapter III of ch. 229, Wis. Stats.



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Professional Sports and Entertainment Home Stadiums

**2023 Wis. Act 40**

- ▷ Effective December 7, 2023
- ▷ Expands the exemption in sec. 77.54(41), Wis. Stats. for building materials, supplies, and equipment for professional sports and entertainment stadiums that are exempt under sec. 70.11(36), Wis. Stats.
  - Includes property acquired solely for or used solely in the improvement, repair, or maintenance of the stadiums.



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Professional Sports and Entertainment Home Stadiums

**REMINDER**

- ▷ The exemption in sec. 77.54(62m), Wis. Stats., relating to the construction or development of facilities of sports and entertainment arena facilities, including the surrounding 9-acre area, as defined in sec. 229.41 (11g) ended on July 31, 2019. This date was one year after the secretary of DOA issued the certification under sec. 229.42(4e)(d), Wis. Stats.
- ▷ Purchases made after July 31, 2019 for constructing facilities in the 9-acre area may be subject to tax.
- ▷ However, the owners of the arena, and their contractors and subcontractors, may make purchases exempt from tax under sec. 77.54(41), Wis. Stats., if the property is acquired solely for use in the construction, improvement, renovation, repair, maintenance, or development of property that is exempt under sec. 70.11(36), Wis. Stats.



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### New Exemption – Electricity Used to Charge Electric Vehicles

**2023 Wis. Act 121**

- ▷ Effective January 1, 2025
- ▷ Creates an exemption for the sale of electricity delivered or placed into the battery or other energy storage device of an electric vehicle by:
  - A Level 3 charger
  - A Level 1 or Level 2 charger installed on or after March 22, 2024
- ▷ An exemption certificate is not required from the purchaser



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### Exemption for Insulin Modification

**2023 Wis. Act 138**

- ▷ Effective March 23, 2024
- ▷ Eliminates the requirement under prior law for purchasers to present an exemption certificate to claim the exemption for insulin furnished by a pharmacist to a person for the treatment of diabetes.



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### No Exemption Certificate Needed for Exempt Health Care Records and Farm-Raised Fish

**2023 Wis. Act 138**

- ▷ Effective March 23, 2024
- ▷ Eliminates the requirement for an exemption certificate for sales and purchases of:
  - Patient health care records sold to the patient or to a person that the patient authorizes to receive the records (sec. 77.54(64), Wis. Stats).
  - Farm-raised fish sold to a fish farm that is registered with DATCP or to a person who holds a valid permit for the stocking of fish (sec. 77.54(66), Wis. Stats.).



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New Exemption – Precious Metal Bullion

**2023 Wis. Act 149**

- ▷ Effective March 23, 2024
- ▷ The Act creates a sales and use tax exemption for the sale of and the use or other consumption of precious metal bullion.
- ▷ An exemption certificate is required to claim the exemption.



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New Exemption – Precious Metal Bullion

**2023 Wis. Act 149**

- ▷ To qualify as "precious metal bullion," a product must meet all of the following:
  - Be in the form of coins, bars, rounds, or sheets;
  - Contains at least 35 percent gold, silver, copper, platinum, or palladium;
  - Cannot be, in whole or in part, other types of property such as jewelry, works of art, scrap metal, or electronics; and
  - Be one of the following:
    - marked with weight, purity, and content; or
    - that a government authority minted on the basis of weight, purity, and content.



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New Exemption – Portable Road Building Equipment

**2023 Wis. Act 149**

- ▷ Effective June 1, 2024
- ▷ The Act creates a sales and use tax exemption for the sale of and the storage, use, or other consumption of portable machinery and equipment, including accessories, attachments, parts, and supplies for such machinery and equipment, used primarily to crush, mill, produce, or pulverize asphalt, concrete, gravel, rock, or aggregate base for road or commercial surface lot construction or resurfacing.
- ▷ *Note:* The exemption for manufacturing machinery and equipment does not apply to portable equipment unless the manufacturing occurs on a "plant" and the land is owned or leased by the manufacturer.
- ▷ An exemption certificate is required to claim the exemption.



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### New Exemption – Real Estate Broker Memberships

**2023 Wis. Act 141**

- ▷ Effective June 1, 2024
- ▷ Exemption created for a membership sold to a real estate broker licensed under ch. 452, Wis. Stats., who, pursuant to the broker's membership agreement, offers to compensate and cooperate with other real estate brokers in brokering sales of properties and who obtains access to information about real estate listings and compensation offers from other real estate brokers
- ▷ An exemption certificate is not required to claim the exemption



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### Recreational Vehicles and Campers

**2023 Wisconsin Act 164**

- ▷ Effective October 1, 2024
- ▷ The Act amends the definition of a recreation vehicle in sec. 340.01(48r), Wis. Stats., to mean a vehicle that is designed to be towed upon a highway by a motor vehicle that is equipped and used, or intended to be used, primarily or temporary or recreational human habitation that does not exceed 46 feet in length.
- ▷ "Recreational vehicle" includes:
  - a camping trailer, as defined in sec. 218.10(1c), Wis. Stats.,
  - 5th wheel recreational vehicle, as defined in sec. 218.10(1q), Wis. Stats.
  - park model recreational vehicle, as defined in sec. 218.10(7m), Wis. Stats.
  - and travel trailer, as defined in sec. 218.10(8v), Wis. Stats.



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### Recreational Vehicles and Campers

- ▷ The amended definition
  - increases the maximum length of a recreational trailer (RV) from 45 to 46 feet,
  - removes the need for walls of rigid construction, and
  - adds camping trailers, 5th wheels, park models, and travel trailers as defined above
- ▷ RVs are taxable in Wisconsin.
- ▷ Retailers are required to collect and remit the 5% state sales tax if the customer takes possession in WI unless an exemption applies.
- ▷ County and city tax is based on the type of item sold – see next slide



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## Recreational Vehicles and Campers

- ▷ If the sales is of an RV, county and city tax is based on where the RV is customarily kept. This is a change from prior law for certain trailers that were not previously considered recreational vehicles.
- ▷ If the sale is of a motor home (motor vehicle), it does not meet the definition of an RV and the tax treatment is the same as a motor vehicle. The county and city tax are based on where customarily kept by the purchaser.
- ▷ If the sale is of a truck camper (slide in truck camper), county and city tax is based on where the purchaser takes possession of the trailer/camper.


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## Recreational Vehicles and Campers

Sales to Nonresidents

- ▷ If a nonresident purchases an RV and takes possession in WI:
  - 5% state tax is due
  - County and city tax is due if the RV is customarily kept in WI. If the RV is customarily kept outside of WI, the retailer is only required to collect the 5% WI state tax.
- ▷ Sales of motor vehicles to nonresidents are exempt from state, county, and city tax if the use in WI is only to remove the motor vehicle from WI as provided in sec. 77.54(5)(a)4, Wis. Stats. This exemption doesn't apply to RVs sold to nonresidents.
- ▷ See Fact Sheet 2113, *Sales and Use Tax on Sales of used Motor Vehicles, Boats, Snowmobiles, RVs, Trailers, Semitrailers, ATVs, UTVs, Off-Highway Motorcycles, and Aircraft* for additional information about county and city taxes.


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## Litigation

**William Becker: Appealed to Supreme Court, then withdrew, and settled April 15, 2024**

- ▷ Issue - Are single-axle, tandem-axle, and gooseneck trailers designed to be towed by a motor vehicle "truck bodies" for purposes of the sales tax exemption for sales to nonresidents under sec. 77.54(5)(a)(4), Wis. Stats.?
- ▷ WTAC ruled trailers were **not** "truck bodies"
- ▷ Circuit Court found trailers were "truck bodies" and qualify for the exemption
- ▷ Court of Appeals found trailers were **not** "truck bodies"
- ▷ Taxpayer appealed to the WI Supreme Court and then withdrew and settled April 15, 2024


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Litigation

**StubHub: Dane County Circuit Court, February 1, 2024**

- ▷ Issue – Was StubHub a retailer selling taxable admissions when it sold a ticketholder's ticket to an event in Wisconsin?
- ▷ WTAC concluded StubHub was a retailer and liable for tax
- ▷ Dane County Circuit set aside the Commission's decision and concluded:
  - Reasonable persons could disagree about whether StubHub "sold" tickets and was a "representative" of ticket sellers.
  - The Commission erred in interpreting the doctrine of undisclosed principal to create sales tax liability for StubHub
- ▷ DOR appealed the decision to the Court of Appeals



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Litigation

**CMFG Life Insurance Company and CUMIS Insurance Society: Wisconsin Tax Appeals Commission, August 6, 2024**

- ▷ Issue – Are the aircraft and software leases subject to sales tax?
- ▷ WTAC concluded the following:
  - A valid sale-leaseback did occur and receipts are subject to tax under sec. 77.52(1b), Wis. Stats.
  - The contracts were not refinancing agreements
  - The Wisconsin statutory definitions of a lease and sale control over the form of the agreements
  - Following the *Ladish* case, a clause stating the parties' intent for tax purposes cannot bind the department because the department was not a party to the underlying leases
- ▷ CMFG has appealed this decision



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Income and Franchise Tax



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## Internal Revenue Code (IRC)

Tax Year 2024 Overview

- ▷ Wisconsin follows the IRC as of December 31, 2022, with certain exceptions
- ▷ Wisconsin computes depreciation and amortization using IRC in effect on January 1, 2014, with certain exceptions
- ▷ Wisconsin has not adopted federal bonus depreciation provisions
- ▷ Wisconsin follows IRC 179 expensing
- ▷ Wisconsin follows IRC 1202 exclusion of 100% of capital gain on sale of small business stock acquired after September 27, 2010 and the same percentage as for federal purposes for any stock purchased on or before that date


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## Other Individual Income Tax Updates - Federal

- ▷ New exemptions to IRA penalty for withdrawals on or after January 1, 2024
  - Emergency personal expense distribution (sec. 72(t)(2)(I), IRC)
  - Distribution to domestic abuse victim (sec. 72(t)(2)(K), IRC)
  - Optional for qualified retirement plans to adopt these provisions
  - See [IRS Notice 2024-55](#) for more information
- ▷ Qualified rollovers from 529 plan to Roth IRA starting January 1, 2024
  - 529 plan must have existed for 15 years
  - Cannot exceed amount beneficiary could contribute to a Roth IRA during the year
  - Other requirements and limitations
  - Amount rolled over reduces any carryover available for Wisconsin's CSA subtraction


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## Manufacturing and Agriculture Credit

**2023 Wis. Act 12**

- ▷ Repeals personal property taxes in Wisconsin starting with assessment year 2024 and makes changes to the manufacturing and agriculture credit
- ▷ Qualified Production Property
  - Persons must sell qualified production property to be eligible for the credit
  - Qualified production property includes tangible personal property manufactured in whole or in part by the claimant on property located in Wisconsin and **assessed** as manufacturing property under sec. 70.995, Wis. Stats [Real property]
  - The Act expands the definition of "qualified production property" to include tangible personal property manufactured in whole or in part by the claimant with an establishment located in Wisconsin and **classified** as manufacturing under sec. 70.995(5n), Wis. Stats. [Important for those who don't have real property assessed as manufacturing property]


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### Manufacturing and Agriculture Credit

- ▷ Classifying Personal Property as Manufacturing Property
  - An application must be filed with DOR no later than July 1 of the taxable year (Form PA-780).
  - DOR must make a determination and provide notice by December 31 of the year in which the application is filed.
  - An establishment classified as manufacturing prior to January 1, 2024, is presumed to be engaged in manufacturing and does not need to submit an application.


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### Manufacturing and Agriculture Credit

- ▷ Manufacturing Property Factor
  - The Act amended the definition of "manufacturing property factor"
  - Real and personal property assessed under sec. 70.995, Wis. Stats., was replaced with the term "land and depreciable property" for the numerator and denominator.
- ▷ If all qualified production activities income results from sale of tangible personal property that was manufactured, produced, grown, or extracted entirely in Wisconsin, it is not necessary to multiply the qualified production activities income by the property factor.
- ▷ See [Manufacturing and Agriculture Credit](#) common questions for more details.


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### Commercial Loan Income Exemption

**2023 Wis. Acts 19 and 146**

- ▷ Effective for taxable years beginning January 1, 2023
- ▷ Income from a corporation or a tax option (S) corporation that is a financial institution, including interest, fees, and penalties, derived from a commercial loan is exempt from Wisconsin corporate and individual income tax
- ▷ The loan must be for five million dollars or less
- ▷ The loan must be provided to a person residing or located in Wisconsin and used primarily for a business or agricultural purpose in Wisconsin
- ▷ See DOR's [Commercial Loan Income Exemption](#) common questions


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### Refundable Research Credit Increase

**2023 Wisconsin Act 19**

- ▷ Effective for taxable years beginning on or after January 1, 2024
- ▷ Up to 25% of the research credit computed/claimed for the current year may be refunded, if not used to offset tax due for the year

*Publication 131, Tax Incentives for Conducting Qualified Research in Wisconsin*


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### Research Expense Credit Increase

- ▷ Refundable portion of credit:
  - 10% for taxable years beginning after 12/31/17 and before 1/1/21
  - 15% for taxable years beginning after 12/31/20 and before 1/1/24
  - 25% for taxable years beginning after 12/31/23


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### Farmland Preservation – Tax Credit Rate Increase

**2023 Wis. Act 42 (enacted 12/6/23)**

- ▷ Effective for taxable years beginning on or after January 1, 2023
- ▷ Rate per acre increases
  - \$10 to \$12.50 for qualifying acres located in a farmland preservation zoning district and are subject to a farmland preservation agreement entered into after July 1, 2009
  - \$7.50 to \$10 for qualifying acres located in a farmland preservation zoning district but are not subject to a farmland preservation agreement
  - \$5 to \$10 for qualifying acres that are not located in a farmland preservation zoning district, but are subject to a farmland preservation agreement entered into after July 1, 2009
- ▷ Claimed on Schedule FC-A


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### Additional Child and Dependent Care Credit

**2023 Wis. Act 101**

- ▷ Credit increased from 50% to 100% of allowable federal credit for **2024 taxable year and forward**
- ▷ For Wisconsin purposes, the maximum qualifying expenses used to compute the federal credit are increased to \$10k for 1 qualifying child and \$20k for 2 or more qualifying children
- ▷ Nontaxable and deductible dependent care assistance benefits (sec. 129, IRC) are not qualifying expenses but do not reduce the maximum expense limit like they do for federal
- ▷ New Schedule WI-2441 to compute the credit



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### Married Persons Credit

**2023 Wis. Act 138**

- ▷ Statute originally referred to sections of federal IRC as it existed on December 31, 1985
- ▷ Act incorporated the IRC language directly into the Wisconsin statute
- ▷ No changes to computation or administration of the credit



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### Qualifying Transportation Services Credit

**2023 Wis. Act 142**

- ▷ Effective for taxable years 2024 and thereafter
- ▷ Referred to as "blind worker transportation services credit" in the forms and instructions
- ▷ Claimant must meet definition of blind for federal additional standard deduction (sec. 63(f)(4), IRC)
- ▷ Credit is 50% of qualifying expenses, up to \$1,500 credit per qualifying person
- ▷ Qualifying expenses: transportation services between residence and place of employment. Excludes amounts reimbursed or paid from an ABL account if contribution was subtracted from income.



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### Business Development Tax Credit

**2023 Wis. Act 143**

- ▷ The Act provides the following revisions to the business development tax credit:
  - Allows eligibility if a person creates new jobs or retains existing jobs and makes a capital investment in Wisconsin, or if a person does not decrease net employment in the year preceding the certification.
  - Allows additional claims related to investments in workforce housing and establishment of employee childcare programs, not to exceed 15 percent of the amounts of those investments and subject to disallowance of duplicative claims.
  - The threshold for capital investments is reduced from \$1 million to \$250,000.
  - Specifies WEDC must approve or deny an application for certification of the credit within 90 days after receiving a person's application.



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### Enterprise Zone Tax Credit

**2023 Wis. Act 143**

- ▷ The Act provides the following revisions to the enterprise zone development credit:
  - Creates a new definition of "full-time job" to mean a nonseasonal job for which the annual pay is more than 2,080 hours multiplied by 150 percent of the federal minimum wage, and for which retirement, health, and or other benefits are offered.
  - Changed the definition of "zone payroll" to mean amounts attributable to full-time employees "based in" an enterprise zone.



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### Enterprise Zone Tax Credit

**2023 Wis. Act 143**

- ▷ The Act provides the following revisions to the enterprise zone development credit:
  - Creates a 12-month period "base year" definition for calculation of enterprise zone credits.
  - Sunsets certain "supplemental claims" to the enterprise zone credit that previously allowed certification of enterprise zone benefits for a qualifying financial services technology business.



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Angel Investment Tax Credit

**2023 Wis. Act 144**

- ▷ The Act changes the criteria businesses must meet to be certified or recertified by WEDC as a Qualified New Business Venture for purposes of individuals claiming the angel investment tax credit.
- ▷ In addition to other criteria, a business may be eligible for certification if it is engaged in, or has committed to engage in, innovation, if the innovation involves the development of a differentiating technology, product, service, or production process.



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Angel Investment Tax Credit

**2023 Wis. Act 145**

- ▷ The Act allows an individual to sell or otherwise transfer an angel investment tax credit.
- ▷ Credits eligible for transfer are only credits first approved by the Wisconsin Economic Development Corporation (WEDC) to claim on or after March 23, 2024. Credits approved by WEDC to be claimed prior to March 23, 2024, are not eligible for transfer.
- ▷ The person transferring the credit must notify WEDC and the Wisconsin Department of Revenue of the transfer and may not sell or otherwise transfer the credit more than once in a 12-month period.



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Capital Gain Exclusion for Sale of Farm Assets to a Family Member

**2023 Wis. Act 146**

- ▷ Adds sale of qualifying ownership interests in a partnership or LLC to the definition of 'assets used in farming' for purposes of excluding capital gains on the disposition of the assets to certain family members
- ▷ To be a qualifying ownership interest:
  - Entity must have 15 or fewer partners/members
  - Partners/members must all be natural persons
  - Entity must be engaged in the business of farming



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### Wisconsin Qualified Opportunity Funds

**2023 Wis. Act 146**

- ▷ *Background:* Annually, a Wisconsin Qualified Opportunity Fund (WQOF) must certify to each investor and to DOR that it qualifies as a Wisconsin qualified opportunity fund for the fund's taxable year.
- ▷ *Change in Due Date:* A WQOF must file Form WQOF and provide a copy to each investor by the due date, including extensions, of the fund's corresponding Wisconsin income or franchise tax return. Prior to the Act, the due date was January 31 of the year following the close of the WQOF's taxable year.
- ▷ DocuSign filing method has been discontinued
- ▷ Funds must file Form WQOF by including it with their tax return



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### College Savings Account Contribution Modifications

**2023 Wis. Act 148**

- ▷ Increased allowable subtraction for contributions to \$5,000 (\$2,500 if married and filing a separate return) for the **2024 taxable year**
- ▷ Removed reduced subtraction for divorced parents of the beneficiary for the 2024 taxable year and forward
- ▷ Requires use of first in, first out (FIFO) accounting method for determining if distributions are subject to addback provisions (no change from current practice)
- ▷ Adopts continuous conformity with sec. 529, IRC



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### Employee College Savings Account Contribution Credit

**2023 Wis. Act 148**

- ▷ Effective for taxable years beginning after December 31, 2023
- ▷ The Act increases the maximum employee college savings account contribution credit to be 50% of the amount the employer contributes to an employee's college savings account, not to exceed a maximum credit of \$800 per employee, adjusted for inflation.
- ▷ The Act also permits the credit to be claimed by a sole proprietor.
- ▷ The Act specifies that credits may be claimed only for employees whose compensation is reported, or required to be reported, on a Form W-2 for federal income tax purposes.
- ▷ Employers claim the credit on Schedule ES as part of their Wisconsin income tax return.



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Other Individual Income Tax Updates

- ▷ Tuition and fees subtraction
  - Subtraction increased to \$7,333 for qualifying expenses per student for taxable year 2024 (up from \$6,974 in 2023)
  - Subtraction phase out ranges:
    - Single/head of household - \$67,760 to \$81,320
    - Married filing joint - \$108,420 to \$135,530
    - Married filing separate - \$54,210 to \$67,760



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Anatomical Gift Registration

**2023 Wis. Act 187**

- ▷ Allows taxpayers to register for Wisconsin's Organ Donor Registry as part of filing their income tax returns
- ▷ Schedule 3 (Part II) added to Forms 1 and 1NPR



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Withholding Threshold for Nonresidents

**2023 Wis. Act 146**

- ▷ The Act increases the minimum thresholds for employers and pass-through entities to withhold tax on wages and pass-through income for nonresidents as follows:
  - From \$1,500 to \$2,000 on employee wages attributable to Wisconsin
  - From \$1,000 to \$2,000 on pass-through income attributable to Wisconsin
- ▷ See additional information in DOR's *General Withholding Tax Questions and Pass-Through Entity Withholding* common questions.



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**Income/Franchise Tax  
Litigation**


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Litigation: Shareholder Distributions or Loans from Tax-Option (S) Corporation

***Toccata Gaming International, LLC, (Petitioner) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, October 25, 2023***

- ▷ Issue: If transfer of funds from a tax-option (S) corporation to a shareholder is considered a distribution or a loan
- ▷ Tax-option (S) corporation transferred funds to shareholder (sole owner) and characterized funds as loans (i.e., demand notes)
- ▷ Loans were executed after shareholder incurred personal expenses unrelated to the business and expenses related to the business were nondeductible
- ▷ None of the loans included a repayment schedule or set maturity date


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Litigation: Shareholder Distributions or Loans from Tax-Option (S) Corporation

***Toccata Gaming International, LLC, (Petitioner) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, October 25, 2023***

- ▷ Shareholder did not make any repayment of the loans' principal or interest
- ▷ Corporation never took any action to collect principal or interest from shareholder and did not record or report interest income from any of the loans
- ▷ Shareholder's only collateral was stock in the corporation and shareholder lacked the liquid assets to repay the loans
- ▷ Shareholder's ability to repay the loans was based on the corporation's income and reported losses


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### Litigation: Shareholder Distributions or Loans from Tax-Option (S) Corporation

***Toccata Gaming International, LLC, (Petitioner) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, October 25, 2023***

- ▷ The Commission considered several federal tax court cases and focused on the *Kelly v. Commissioner of Internal Revenue*, T.C. Memo 2021-76 (2021) to determine whether the transfer of funds should be treated as distributions or loans
- ▷ The Commission concluded there was insufficient evidence to support the claim that the financial distributions at issue, from the corporation to its sole shareholder, were based on a bona fide debtor-creditor relationship
- ▷ The taxpayer did not appeal the decision



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### Litigation: Pass-Through Withholding

***RADS Partnership, Via Cresta, L.P., Laughing Cow, LP, Finger Living Trust, and Westmar LTD (Petitioners) v. Wisconsin Department of Revenue: WI Supreme Court, August 2, 2024***

- ▷ All Petitioners are pass-through entities, except Finger Living Trust
- ▷ Petitioners did not file withholding returns in 2013
- ▷ Petitioners claimed they did not have to file withholding returns because they had losses from prior years
- ▷ Petitioners did not timely file returns for years in which losses were incurred



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### Litigation: Pass-Through Withholding

- ▷ Commission concluded:
  - Pass-through entities are required to file a timely pass-through withholding form in each year where there is "Wisconsin income" (i.e., not allowed to use prior years' losses)
  - Adding the word "taxable" to "income" under sec. 71.775(2)(a) and (3)(a)2., Wis. Stats., changes the meaning of the statute
  - Pass-through entities must use WI Form PW-1 as the pass-through withholding form



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Litigation: Pass-Through Withholding

- ▷ Petitioners appealed to the Dane County Circuit Court on February 20, 2023.
- ▷ The Dane County Circuit Court dismissed the appeal because the department was not properly served, and the Circuit Court therefore lacks jurisdiction.
- ▷ Petitioners appealed to the Wisconsin Court of Appeals, and the Court of Appeals affirmed dismissal, concurring with the Circuit Court.
- ▷ The petitioners sought review by the Wisconsin Supreme Court. The Wisconsin Supreme Court denied review, so the decision of the Tax Appeals Commission stands.



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Litigation: Gambling Losses - Business Expenses Limited to Gambling Winnings

***Daniel & Debra Scheider (Petitioners) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, April 15, 2024***

- ▷ Issue: If business expenses related to gambling activities are allowed to be deducted in excess of the gambling winnings associated with those gambling activities
- ▷ Taxpayers created a partnership for the sole purpose of professional gambling and that was the only activity engaged in by the partnership
- ▷ Taxpayers argued that sec. 165(d), IRC, does not apply to a business partnership



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Litigation: Gambling Losses - Business Expenses Limited to Gambling Winnings

***Daniel & Debra Scheider (Petitioners) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, April 15, 2024***

- ▷ The Commission concluded that although the taxpayers' professional gambling activities operated through a business partnership, sec. 165(d), IRC, as amended by sec. 11050 of Public Law 115-97 (Tax Cuts and Jobs Act of 2017), still applies and does not allow business expenses of professional gamblers to be deducted in excess of gambling winnings
- ▷ The taxpayers have appealed the decision



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Litigation: Establishing a Domicile (for Residency) in Wisconsin

**Riziki Iveti (Petitioner) v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, August 21, 2024**

- ▷ Petitioner filed a 2021 Wisconsin Form 1 (full-year resident) return in 2022 and claimed the earned income credit and homestead credit
- ▷ DOR reviewed return and denied the credits for, among other reasons, not being a full-year resident of Wisconsin for 2021
- ▷ Petitioner and dependents previously resided in a refugee camp in Tanzania while applying for refugee program
- ▷ Various dates were referenced but the two most argued were November 2020, when petitioner was issued a welcome letter and travel packet by U.S. Dept. of State, and February 16, 2021, when petitioner physically arrived in Wisconsin.



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Litigation: Establishing a Domicile (for Residency) in Wisconsin

- ▷ Commission cited WI Supreme Court decision *Baker v. Dept. of Taxation* as being controlling precedent
  - "...two things are necessary to create a new domicile, first, an abandonment of the old domicile, and, second, the intention and establishment of a new domicile."
  - "Until the old domicile has been actually abandoned and an intended new home has been actually and permanently occupied and established elsewhere, the latter cannot be considered the new domicile."
- ▷ Commission ruled:
  - The earliest date petitioner can be considered to have established a domicile in Wisconsin is February 16, 2021, the date petitioner physically arrived in Wisconsin.
  - Petitioner does not meet definition of full-year resident for 2021 and upheld department's denial of the earned income and homestead credits. The taxpayer did not appeal the decision.



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Litigation: Intercompany Transactions need a valid business purpose

**Skechers USA, Inc. vs. Wisconsin Department of Revenue: Dane County Circuit Court, April 1, 2024**

- ▷ Skechers USA, Inc contributed all its US domestic intellectual property in return for 100% of the shares issued by a newly formed US subsidiary. Immediately after the subsidiary licensed the intellectual property rights back to the parent for a royalty fee. The arrangement generated significant royalty deductions for the parent. The department denied the royalty deductions for the audited years.
- ▷ Sec. 71.30(2), Wis. Stats., *Allocation of gross income, deductions, credits between 2 or more businesses*,
  - Authorizes the Department to adjust income or deductions based on discretionary criteria, such as lack of business purpose or economic substance.
  - Makes the taxpayer responsible for proving business purpose and economic substance.



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### Litigation: Intercompany Transactions Must Have a Valid Business Purpose

- ▷ The taxpayer asserted the transaction was exempt from 71.30(2) because the two entities engage in other independent unrelated economic activity are therefore although related, they are each a viable business entity.
- ▷ The Dane County Circuit Court:
  - disagreed with the taxpayer's "viable business entity" assertion,
  - upheld the Tax Appeals Commission's decision that the taxpayer failed to prove by clear and satisfactory evidence that a nontax business reason existed for the royalty transactions.
  - Considered Skecher's conduct to be a "near textbook example of what Wis. Stat. 71.30(2) and the sham transaction doctrine aims to prevent"
- ▷ See [WTB 225, April 2024](#) and [WTB 190, August 2015](#)
- ▷ The taxpayer has appealed to the Court of Appeals.



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### Litigation: Pre-2009 NBL – Not Shareable with New Combined Group

#### ***Lincare Holdings, Inc v. Department of Revenue: Wisconsin Tax Appeals Commission, December 15, 2023***

- ▷ See [WTB 224, January 2024](#)
- ▷ The issue addressed the statutory language of sec. 71.255(6)(bm)3., Wis. Stats., and the accompanying sec. Tax 2.61(9)(e), Wis. Adm. Code as to whether pre-2009 net business losses incurred by entities that were members of a combined reporting group beginning in 2009 can be shared with members of a new combined group when the incurring entities leave the former combined group and join a new combined group.



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### Litigation: Pre-2009 NBL – Not Shareable with a new Combined Group

#### ***Lincare Holdings, Inc v. Department of Revenue: Wisconsin Tax Appeals Commission, December 15, 2023***

- ▷ The commission ruled in favor of the Department.
 

"The plain language of the statute is 'if the corporation may no longer be included in the combined group..., the corporation's pre-2009 net business loss carryforward shall be available only to that corporation.'"
- ▷ Likewise, the plain language of sec. Tax 2.61(9)(e), Wis. Adm. Code, does not differentiate between pre-2009 and post-2008 NBL carryforwards. The Commission determined that the rule as written applies to both pre-2009 and post-2008 NBL carryforwards.
- ▷ The taxpayer did not timely appeal the decision.



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**Excise Taxes**



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**Division of Alcohol Beverages**

**2023 Wis. Act 73**

- ▷ The Act created a new Division of Alcohol Beverages within DOR for regulation of alcohol beverages. The Division of Income, Sales and Excise Taxes continues to administer excise taxes under ch. 139, Wis. Stats.
- ▷ Significant overhaul to alcohol beverage regulation, including:
  - New authorization for producers to have up to 3 off-site full-service retail sales locations – May 1, 2024
  - New authorization for contract production, alternating proprietorship, and licensing agreements for all beverage types – May 1, 2024
  - New permit and monthly reporting for fulfillment houses – January 1, 2025
  - New permit and monthly reporting for common carriers – January 1, 2025



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**Division of Alcohol Beverages**

**2023 Wis. Act 73**

- ▷ Significant overhaul to alcohol beverage regulation, cont'd:
  - New statewide operator's (bartender's) permit – January 1, 2025
  - New permit for no-sale event venues – January 1, 2026
  - New exceptions to allow minimal cross-tier ownership interests between producers, distributors, and retailers – May 1, 2024
  - New requirement for municipalities to report cigarette, tobacco, and electronic vaping device retail licenses to DOR – July 15, 2024 (same as alcohol beverage licenses)
  - DOR must publish municipal retail licenses on website



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Fermented Malt Beverage Definition

**2023 Wis. Act 73**

- ▷ Effective May 1, 2024
- ▷ The Act amends the definition of fermented malt beverages under ch. 125, Wis. Stats., to allow products that do not contain barley malt and hops (e.g., uses only fermented sugar) that are recognized as beer by the U.S. Treasury under 27 CFR Part 25 to be a fermented malt beverage for Wisconsin tax and regulatory purposes.
- ▷ As a result, any product that is a "fermented malt beverage" under the new definition is subject to the fermented malt beverage tax imposed under sec. 139.02, Wis. Stats.



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Cigarette, Tobacco, and Vapor Products Penalties

**2023 Wis. Act 73**

- ▷ Effective December 8, 2023
- ▷ The Act increases the criminal penalties for persons who evade or attempt to evade, or who aids or abets the evasion or attempted evasion of cigarette, tobacco, or vapor product taxes.
- ▷ The Act increases the criminal penalties for persons who possess untaxed cigarettes.
- ▷ The Act provides that excise tax evasion is an illegal racketeering activity.



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Online Sales of Cigars and Pipe Tobacco

**2023 Wis. Act 150**

- ▷ Effective January 1, 2025
- ▷ The Act allows a person to obtain a DOR permit which authorizes remote retail sales of cigars and pipe tobacco to consumers (e.g., sales by phone, mail, or internet)
- ▷ The permitted remote retail seller must pay excise tax on the "actual cost" of the cigars or pipe tobacco, which is the total price charged to the remote retail seller from the manufacturer or other seller. The total price cannot be reduced by discounts or other separately stated charges on the purchase invoice.
- ▷ The permitted remote retail seller must register and collect sales tax on such sales as a condition of their permit.



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Electronic Vaping Device Regulation

**2023 Wis. Act 73**

- ▷ Effective May 6, 2024, sellers of electronic vaping devices must hold a municipal retail license in the municipality in which the business operates.
- ▷ No later than July 1, 2025, all manufacturers of electronic vaping devices must certify to DOR that they will comply with Wisconsin law and that their product has either been approved by the U.S. FDA or remains under review.
- ▷ Only electronic vaping devices that are approved by DOR and listed on the online registry may be sold in Wisconsin. DOR must make the directory available online and penalties for noncompliance with this section will apply at the time the directory is published.



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Electric Vehicle Charging Stations

**2023 Wis. Act 121**

- ▷ Effective January 1, 2025
- ▷ The Act requires an owner, operator, manager, or lessor of an electric vehicle charging station to register with DOR and identify the location of each charging station.
- ▷ No registration is required for an electric vehicle charging station located at a residence where a person resides permanently or temporarily, except for a hotel.
- ▷ The registrant must pay an excise tax equal to **3 cents per kilowatt-hour** of electricity delivered or placed by a Level 3 charger or Level 1 or Level 2 chargers installed on or after March 22, 2024, into the battery or other energy storage device of an electric vehicle.



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Electric Vehicle Charging Stations

**2023 Wis. Act 121**

- ▷ Excise tax is due regardless of:
  - Whether the operator charges the consumer for the electricity
  - Whether the charging station is made available to the public
- ▷ Returns must be filed and taxes paid biannually by July 31 and January 31.
- ▷ **New** [Publication 305, Electric Vehicle Charging Tax Information](#), coming soon.



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### Confidentiality Provisions

[2023 Wis. Act. 73](#)

- ▷ Clarifies that DOR employees may disclose information derived from a tax return or credit claim to the extent necessary to obtain information for the enforcement of Wisconsin tax laws.

Note: Disclosure of information does not include federal tax information.



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### Confidentiality Provisions

[2023 Wis. Act. 73](#)

- ▷ Gives authority for the attorney general and DOJ employees to re-disclose information obtained from DOR to a law enforcement investigator participating in a department of justice investigation of suspected criminal conduct.
  - Authorized re-disclosure does not include providing copies of returns, claims, and related schedules, exhibits, writings, or audit reports.
- ▷ Provides that a federal grand jury or grand jury of Wisconsin may examine and receive copies of any tax returns or claims from if DOR receives a grand jury subpoena.



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Illegal Sales Suppression Devices

**2023 Wis. Act 73**

- ▷ Effective December 8, 2023
- ▷ A person is guilty of a Class D felony if they create, design, manufacture, sell, purchase, lease, install, update, repair, service, transfer, use, or possess in Wisconsin or access from Wisconsin phantomware or an automated sales suppression device, unless for a legitimate purpose.



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Unclaimed Property Changes

**2023 Wis. Act 138**

- ▷ The Act removes the limited timeframe for DOR to enter into a voluntary disclosure agreement to waive penalties for holders that voluntary disclose and report unclaimed property. In other words, the Act creates a permanent voluntary disclosure program.
- ▷ The Act excludes "financial organization loyalty cards" from becoming reportable as unclaimed property.
- ▷ Other technical changes to ch. 177, Wis. Stats.
- ▷ Reminder: Holder reports are due November 1 every year



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Renaming of the Police and Fire Protection Fee

**2023 Wis. Act 19**

- ▷ The Act renames the police and fire protection fee to the 911 fee
- ▷ Forms, instructions, letters, and other published guidance have been updated to reflect the name change



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### Qualified Wisconsin Business (QWIB) – Income Exclusion / Deferral

- ▷ **Capital Gain Exclusion / Deferral**
  - Long-term capital gain from investments made after December 31, 2010, in a qualified Wisconsin business and held for at least five uninterrupted years are excluded from Wisconsin income
  - Exclusion does not apply to any portion of gain due to amount of gain deferred at time of investment
  - See Schedule QJ, *Sale of Investment in a Qualified Wisconsin Business*



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### Qualified Wisconsin Business (QWIB) Registration

- ▷ A business may register as a QWIB if, in the business's tax year ending immediately before the date of registration:
  - The business has at least 2 full-time employees,
  - The amount of payroll compensation paid by the business in WI is at least 50% of all payroll compensation paid by the business, and
  - The value of real and tangible personal property owned or rented and used by the business in WI is at least 50% of the value of all real and tangible personal property owned or rented and used by the business.
- ▷ Business must register **each year** it desires to be a QWIB (sec. 73.03(69), Wis. Stats.)
  - **Registration for 2024 must be completed by January 2, 2025.**



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### QWIB Registration

- ▷ **Registration for 2024 must be completed by January 2, 2025.**
- ▷ To register your business with the department, use the department's online application here:
  - <https://tap.revenue.wi.gov/QualBus/>
- ▷ A list of QWIBs can be found on the department's website here:
  - <https://www.revenue.wi.gov/Pages/Report/qualified-businesses.aspx>



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## Worker Misclassification

- ▷ Every person who pays an individual for work must classify the individual as either an employee or independent contractor.
- ▷ Classification is important because it impacts the payer's requirements for:
  - Federal unemployment insurance, income tax withholding, and information return reporting.
  - WI unemployment insurance, income tax withholding, and information return reporting



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## Worker Misclassification

- ▷ Misclassification may result in one or more of the following:
  - A penalty equal to the amount of tax that the payer intentionally failed to withhold.
  - \$25,000 fine for willfully misclassifying a construction worker as a nonemployee.
  - \$10 penalty per incorrect or incomplete Form W-2 or 1099.
  - \$50 or \$150 late filing fee.
  - 25% penalty for negligently failing to withhold or filing incorrectly.
  - 1.5% interest per month for delinquent withholding.
  - Disallowed wage expense deduction for failure to file wage statements.
  - \$10,000 fine and/or 9-month prison sentence for willfully failing or refusing to withhold or willfully rendering a false or fraudulent wage statement or report.
- ▷ For more information, see the article on pages 7-8 of WI Tax Bulletin 226.



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## Entity-Level Tax Elections

- ▷ 2017 Wisconsin Act 368 created an election for partnerships and tax-option (S) corporations to pay tax at the entity level on behalf of their pass-through members.
- ▷ **Reminder:** The election or subsequent revocation of the election under sec. 71.21(6)(a) or 71.365(4m)(a), Wis. Stats., **must** be made by the extended due date of the entity's income or franchise tax return.
  - Calendar year partnership extended due date: 9/15
  - Calendar year tax-option (S) corporation extended due date: 10/15



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### Pass-Through ELT Election Overview

2022 Tax Year <small>(Statistics as of July 9, 2024)</small>	
<b>Tax-Option (S) Corporations (Form 55) Filing Stats</b>	
Tax-Option (S) Corporation returns filed	90,531
Tax-Option (S) Corporation entity-level tax elections filed	7,718
Percent of entity-level tax elections filed	8.53%
<b>Partnership (Form 3) Filing Stats</b>	
Partnership returns filed	87,790
Partnership entity-level tax elections filed	3,745
Percent of entity-level tax elections filed	4.27%
<b>Pass-Through Entity Filing Stats - TOTAL</b>	
Pass-Through entity returns filed	178,321
Entity-level tax elections filed	11,463
Percent of entity-level tax elections filed	6.43%

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## Income Tax Form/Processing Updates

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- ### Form Changes
- ▷ Forms 1 and 1NPR - Schedule 3 created on page 5
    - Part I – Financial donation details (formerly in the body of Forms 1 and 1NPR)
    - Part II – Organ donation registration
  - ▷ Schedule WI-2441 – Schedule created to compute allowable additional child and dependent care credit due to law changes
  - ▷ Schedules SB and M, *Subtractions from Income* - Subtractions for reserve/national guard and active duty pay are consolidated to a single line on the respective schedule

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### Form Changes

- ▷ Schedule I, *Adjustments to Convert Federal Adjusted Gross Income, Itemized Deductions, and Credits to the Amounts Allowable for Wisconsin* - Part III added to account for impact of IRC differences on relevant federal credits (i.e., the earned income credit)
- ▷ Form 1NPR, *Nonresident and Part-Year Resident Income Tax Return* - redesign lines 39 – 45 and related
  - Proration of tax moved from line 45 to 39
  - Proration of itemized deduction credit incorporated into Schedule 1 (lines 10 and 11)
  - Line 43c added to account for proration of school property tax credit



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### Form Changes

- ▷ Schedule JT, *Jobs Tax Credit* – Eliminated because eligibility to claim the jobs tax credit ended on June 30, 2013, and there are no outstanding contracts for the credit with the Wisconsin Economic Development Corporation
- ▷ Schedule CC, *Request for a Closing Certificate for Fiduciaries* – No longer a year specific schedule. The schedule may be submitted electronically through the department's My Tax Account (MTA) system under "Additional Services". Taxpayers do not have to be a registered MTA user or pay a fee to submit a Schedule CC.
- ▷ Schedule ESBT, *Computation of Wisconsin Taxable Income for Electing Small Business Trusts* – Added line to claim a credit for net tax paid to another state. Credits flowing from a tax-option (S) corporation into an electing small business trust (ESBT) can only offset tax from the ESBT portion of the trust.



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### Filing Tips



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### Filing Tips – Pass Through Entities

- ▷ Composite individual income tax returns (Forms 1CNP and 1CNS)\*:
  - Cannot have a nonresident shareholder or partner listed more than once on Schedule 2
  - Cannot include a nonresident shareholder or partner that files a Form 1NPR, *Nonresident and Part-Year Resident Income Tax Return*, or has Wisconsin income from other sources.
  - Cannot have a partner included if the partner is another entity; the entity must file their own tax form.
    - *Exception:* if a shareholder or partner is an LLC treated as a disregarded entity or a grantor trust that is not required to file Form 1041 for federal income tax purposes, they can be listed on a composite

\*This list of who may or may not be included on a composite return is not all inclusive; visit the [Forms page](#) for complete form instructions



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### Filing Tips – Individual Income Tax

- ▷ Estimated payment lookup moved to new platform with stricter lockout rules
  - Lockout counts the number of unsuccessful attempts from the same IP address and will lock the IP address for 24 hours
- ▷ New MeF reject rule: Form 1 and 1NPR will reject if the additional child and dependent care credit is claimed and Schedule WI-2441 is missing
- ▷ Identity verification letters – if taxpayer misses the first letter and receives an adjustment notice, must appeal the adjustment notice with identity documents
- ▷ Veteran's Property Tax Credit: taxes must be paid by 12/31/24 to be claimed on the 2024 return
- ▷ Double-check certifications for credits on Schedule HR and Schedule VC



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### Filing Tips – Individual Income Tax

- ▷ Include all credit schedules – if credit claimed on Schedule CR, also include
  - Credit schedule used to compute and claim current year's credit
  - Schedule CF to show any amount of carryover credit available from prior years
- ▷ Wait to distribute K-1s until the entity's return is filed
- ▷ No additions on Schedule SB nor subtractions on Schedule AD
- ▷ When claiming decedent's refund with Form 804, attach a copy of the domiciliary letter if taxpayer is court-appointed personal rep.
  - If not personal rep, claimant must have proof of death (no need to attach to 804 but must keep it in case the department requests it)



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## Filing Tips – Sales & Withholding

- ▷ Do not forget to report city and county sales and use tax, if applicable
- ▷ Update seller's permit locations timely to aid in processing
- ▷ 1099s with withholding must be filed by January 31 – combined fed-state cannot be used
- ▷ 1099s without withholding encouraged to be filed by January 31 to assist with fraud prevention and expedite individual income tax return processing
- ▷ \$10 penalty for late or missing W-2s/1099s; penalty also applies if 10 or more filed on paper
- ▷ IRIS Schema formatted files for 1099 submission will be accepted for TY2024



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## Payments

- ▷ Electronic payment is secure and more reliable
- ▷ If mailing a payment, send with a voucher and do not mask nor white out the tax number on the voucher (especially in the scanline at the bottom)
  - Preferred: use voucher created on DOR website



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## My Tax Account



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### MTA Payment Changes

- ▷ Can direct a payment to a specific letter or audit with no need to specify a tax period
  - Option to choose a period is still available too
- ▷ If paying while logged in to MTA, can apply one payment to multiple accounts and periods
- ▷ Voucher printing for logged-in payments available from the confirmation page
- ▷ Some department originator numbers have changed – important if taxpayer has fraud protection on their bank account
  - Originator numbers are specific to payment type and listed on the bottom of the screen where bank account info is entered
- ▷ Payment confirmation emails for all direct debit payments beginning October 28
- ▷ Can cancel a payment made via unregistered MTA if user saved the **confirmation code**



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### Third-Party MTA Changes

- ▷ Third-party MTA users can now close business tax accounts in MTA
- ▷ Still no third-party access for individual income tax accounts. Reminder for when this functionality is added:
  - DOR will need a valid Power of Attorney on the taxpayer's account granting authority to access individual income tax information
  - Taxpayer will need their own MTA profile and will need to be the master MTA user of their account



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### Other MTA Changes

- ▷ Explanation is required if seller's permit locations include counties with county tax but no tax reported in those counties
  - Also required if seller's permit location is within the City of Milwaukee but no city tax was reported
- ▷ As of December 2023, payments for corporation franchise/income tax, partnership tax, and pass-through withholding can be made without logging into MTA (unregistered payments)



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## MTA Reminders

- ▷ WI Identity Protection (IP) PIN
  - Ensures someone cannot file a WI return in your client's name
  - Enrollment is optional and completed via MTA
  - Once enrolled, must list PIN on all future returns (2021 and forward)
  - Expires 12/31 each year, new PIN issued in January
- ▷ Protect your account information: regularly review who has access to your accounts in MTA (and encourage clients to do the same)


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## My Case Manager & Audit Tips

- ▷ My Case Manager is available to help you and your clients make the audit process smoother; resources:
  - [Publication 701, My Case Manager User Guide](#)
  - [My Case Manager Common Questions](#)
  - [Audit Web Page](#)
- ▷ Speeding up audits:
  - Provide IT resources in initial meetings with auditor to identify requested electronic records
  - DOR will improve descriptions of records requested to provide clarity and details
  - Provide requested records to the auditor in a timely manner


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## Department News, Reminders, and Statistics


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## Department News and Initiatives

- ▷ DOR participating in the IRS Direct File and Free File Alliance for upcoming season – designed for simpler returns
  - Goal is to connect taxpayers with the right filing option
- ▷ New call center software


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## You Are A Target! Protect Your Clients; Protect Yourself

- ▷ Accounting firms hold valuable client data and e-filing credentials which make them the target of cybercriminals
- ▷ Spear phishing scams from those posing as clients, tax software or cloud storage providers and the IRS are common
- ▷ Each year Wisconsin firms fall victim to these scams. Stolen data can be misused for years to come.
- ▷ Security guides and other resources are available on the IRS's [Identity Theft Information for Tax Professionals](#) page
- ▷ Be on the lookout for data theft red flags:
  - Increase in rejects because a return was already filed
  - Clients receive IRS or state authentication letters when they haven't yet filed a return
  - Clients receive unexpected refunds, transcripts or notices about IRS online accounts
  - Number of returns e-filed with your EFIN or PTIN exceed the number you submitted
  - You receive responses to emails you did not send
  - Unusual computer activity (e.g., running slower, lockouts, cursor moving)


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## Data Breach Reporting

- ▷ **IRS Stakeholder Liaison:** liaison will notify IRS Criminal Investigation and others within the agency. For Wisconsin, contact CLSL.Area.6@irs.gov or 206-946-3703.
- ▷ **States in which you prepare state returns:**
  - Wisconsin: email [DORIDTheft@Wisconsin.gov](mailto:DORIDTheft@Wisconsin.gov). Include your organization's name, brief description of the incident and contact information for the individual who will be working with DOR. Do not include personally identifiable information (PII) for impacted employees or customers in your email. DOR's fraud team will contact the firm (typically the same day) to discuss next steps.
  - Other states: see the Federation of Tax Administrator's [Report a Data Breach](#) page for contact information
- ▷ **Local law enforcement**
- ▷ **Security experts:** it's important to determine the cause and scope of the breach and to prevent further breaches from occurring
- ▷ **Affected staff and clients:** Wisconsin statutes require most businesses to notify individuals if an unauthorized person has acquired their personal information. To learn more, see the [Wisconsin's Data Breach Notification Law](#) guide.
- ▷ **Insurance company:** check if your insurance policy covers data breach mitigation expenses


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## Identity Theft Reporting

- ▷ Identity theft reporting form (Form ID-100 Identity Theft Declaration) created in June of 2023
- ▷ Replaces use of DATCP Identity Theft and Non-Consent forms for tax-related ID theft reporting
- ▷ Taxpayers should continue to reach out to DATCP for assistance with credit and consumer issues or education regarding ID theft
- ▷ [Form ID-100](#) is available on DOR's webpage in fillable format but currently must be mailed



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## ID Verification

	FY24	FY23	FY22	FY21
Returns Evaluated	3,164,804	3,157,506	3,150,305	3,453,483
Quizzes Required	3,463	3,671	4,362	2,352
PINs Required	57,304	52,135	56,373	39,226
ID Docs Required	5,030	4,829	6,870	3,263
ID Docs Reviewed	6,758	6,306	5,764	4,059
Total ID Verification Actions Required	65,797	60,635	67,605	44,841
% of Returns Evaluated Requiring ID Verification	2.08%	1.92%	2.15%	1.30%
Refunds Denied for Failure to Verify ID	26,030	23,896	10,994	6,387



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## Refunds Denied or Reduced

Refunds Denied or Reduced	Fraud Detection With Analytics	Processing Fraud - OCI	Processing Fraud - Tax Ops	Earned Income Credit	Homestead Credit	Total for Specific Initiatives
FY24	\$12,623,912	\$239,872,447	\$7,984,540	\$19,487,216	\$16,885,597	\$296,853,712
FY23	\$12,009,837	\$296,182,433	\$9,126,383	\$21,113,030	\$18,943,325	\$357,375,008
FY22	\$5,705,235	\$10,571,743	\$6,662,614	\$23,387,279	\$23,197,939	\$69,524,710
FY21	\$3,190,632	\$9,878,995	\$4,631,190	\$19,745,512	\$24,148,497	\$61,597,826
FY20	\$5,613,848	\$7,940,877	\$2,656,902	\$8,123,852	\$4,776,588	\$29,111,778
FY19	\$8,595,688	\$5,970,625	\$8,020,804	\$20,436,036	\$14,358,603	\$55,381,754
FY18	\$7,052,689	\$5,869,413	\$5,628,995	\$17,943,046	\$14,862,551	\$51,356,674
FY17	\$9,300,745	\$8,059,255	\$8,044,070	\$20,134,076	\$16,046,799	\$59,535,845
FY16	\$11,149,598	\$8,092,817	\$6,849,591	\$19,946,592	\$17,004,928	\$63,043,527
FY15	\$11,050,119	\$7,335,531	\$6,889,513	\$16,682,990	\$15,828,093	\$57,786,246
FY14	\$3,550,473	\$4,904,089	\$8,195,222	\$17,710,656	\$15,299,425	\$49,659,865
FY13	\$3,434,613			\$14,257,838	\$12,480,794	\$30,173,245
FY12		\$1,702,300		\$9,341,511	\$14,694,458	\$25,738,269
						\$910,334,747

\*FY23 OCI figure includes \$279,946,028 from one fraudulent return  
 \*\*FY24 OCI figure includes \$220,179,828 from three fraudulent returns



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## Submit a Question

▶ To see a filtered list of subjects, choose "By topic" from the "Contact Us" page, choose the topic, then select the email link

The screenshot shows the 'Contact Us' page with several sections:
 

- Welcome from the Secretary:** Includes links for 'Sign up for email updates' and 'See all calendars'.
- Individuals:** Lists 'Individual Income' and 'Withholding Taxes - Pass Through Income'.
- Businesses:** Lists 'Businesses' and 'Local Government Finance'.
- Tax Professionals:** Lists 'Tax Professionals'.
- Governmental:** Lists 'Governmental'.
- Free Tax Help:** Lists 'Free Tax Help'.
- Management Contacts:** Lists 'Management Contacts'.
- Homebased Credit:** Lists 'Homebased Credit'.
- ID Theft:** Lists 'ID Theft'.
- Individual Income:** Lists 'Individual Income'.
- Subject:** A dropdown menu with options: 'Select a subject', 'Income Tax - Individuals', and 'Withholding Taxes - Pass Through Income'.

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## Contact Us

▶ Practitioner email address and phone number

- Do not share with your clients
- [DORTaxPractitioners@wisconsin.gov](mailto:DORTaxPractitioners@wisconsin.gov)
- (608) 261-5199

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## Presenters

▶ Nate Weber, Office of Technical Services Director

- (608) 266-8025
- [nathaniel.weber@wisconsin.gov](mailto:nathaniel.weber@wisconsin.gov)

▶ Amanda Mosel, Customer Service Bureau Director

- (608) 266-1653
- [amanda.mosel@wisconsin.gov](mailto:amanda.mosel@wisconsin.gov)

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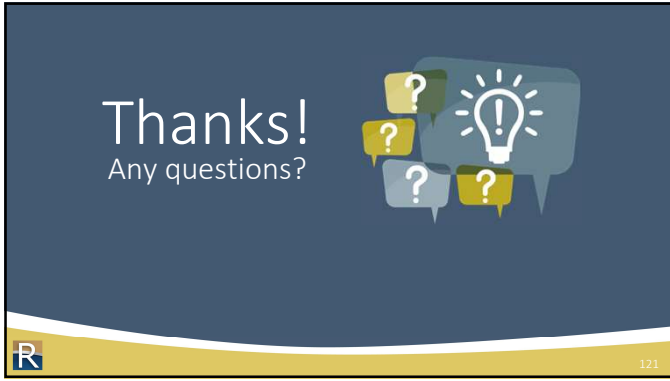
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