

2023 Schedule CS Instructions

College Savings Accounts (Edvest and Tomorrow's Scholar)

Purpose of Schedule CS

Wisconsin provides a subtraction from income for amounts contributed to the Wisconsin state-sponsored college savings program. There are two Wisconsin plans that qualify for the subtraction, Edvest and Tomorrow's Scholar.

The Edvest and Tomorrow's Scholar programs are both a qualified tuition program (QTP) under the federal Internal Revenue Code. They are also called "529 plans."

Who Must File Schedule CS

Schedule CS must be filed by persons who:

- Claim a subtraction from income for contributions to an Edvest or Tomorrow's Scholar college savings account, or
- Received a distribution from an Edvest or Tomorrow's Scholar college savings account that was not used for qualified higher education expenses, or
- Rolled over an amount from an Edvest or Tomorrow's Scholar college savings account into another state's qualified tuition program, or
- Rolled over an amount from an Edvest or Tomorrow's Scholar college savings account into a qualified ABLE account, or
- Using a first-in, first-out method, received a distribution from an Edvest or Tomorrow's Scholar college savings account within 365 days after the date the contribution was made. You must complete Schedule CS even if the contribution and withdrawal are made in the same taxable year.

Note: If you have more than one Edvest or Tomorrow's Scholar college savings account, complete a separate Schedule CS for each account with different beneficiaries. If you contributed to an account owned by you and an account owned by someone else, and the contributions are for the same beneficiary, you only need to complete one Schedule CS.

General Instructions

When can contributions be made? Contributions to an Edvest or Tomorrow's Scholar college savings account for 2023 must be made during 2023 or on or before April 15, 2024. For contributions made between January 1, 2024 and April 15, 2024, you must keep records which indicate you want the contributions to apply to tax year 2023; otherwise, they will be considered 2024 contributions. **Note:** If you file your return on a fiscal-year basis, the last day for making contributions is the 15th day of the 4th month beginning after the close of the taxable year. If any due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

Who can contribute to an account? The owner of an Edvest or Tomorrow's Scholar college savings account may contribute to the account. The owner of the account may also authorize any other person to contribute to the account.

May I subtract my contribution to the Edvest or Tomorrow's Scholar college savings account from income? You may be able to subtract the amount you contributed to an Edvest or Tomorrow's Scholar college savings account if you are the owner of the account or were authorized by the owner to make contributions to the account. The subtraction is equal to the amount you contributed to the account for 2023, but not more than \$3,860 per beneficiary (\$1,930 per beneficiary if you are married filing a separate return or a divorced parent).

The total subtraction for a married couple may not exceed \$3,860 per beneficiary.

Example: You are married filing a joint return and have two children. You established an Edvest or Tomorrow's Scholar college savings account for each child. For 2023, you contributed \$3,860 to the account of each child. You may claim a subtraction of \$7,720.

In the case of divorced parents, the total subtraction per beneficiary by the formerly married couple may not exceed \$3,860, and the maximum amount that may be subtracted by each former spouse is \$1,930, unless the divorce judgment specifies a different division of the \$3,860 maximum.

Your subtraction is also limited in that it cannot reduce your Wisconsin income to less than zero. Part-year residents and nonresidents are required to prorate the subtraction.

Specific Instructions

Part I Contributions to an Edvest or Tomorrow's Scholar college savings account

Complete Section A if you are the owner of the Edvest or Tomorrow's Scholar college savings account for which you made a contribution. Complete Section B if you made a contribution to an Edvest or Tomorrow's Scholar college savings account for which you are not the owner of the account. Enter the name and address of the owner of the account for which you made a contribution on line 3.

Lines 1 and 4 Enter the name of the beneficiary of the account(s).

Lines 2 and 5 Enter the amount you contributed to the account(s) for 2023. (See "When can contributions be made?".)

CAUTION If you contributed an amount to an Edvest or Tomorrow's Scholar college savings account between January 1, 2023, and April 17, 2023, and the amount was included as a contribution on your 2022 Schedule CS, do **not** include that amount as a contribution on your 2023 Schedule CS. Contributions may be subtracted only once.

If you rolled over an amount from another state's qualified college savings account to an Edvest or Tomorrow's Scholar college savings account during 2023, include on line 2 the amount of principal rolled over. Do not include any earnings rolled over on line 2. If you rolled over the amount from another state's qualified college savings account to an Edvest or Tomorrow's Scholar college savings account between January 1, 2024, and April 15, 2024, you may treat the principal amount rolled over as a contribution for either 2023 or 2024 (but not both years). Either way, you must keep records which indicate the year to which you want the amount rolled over to apply.

Line 9 The amount to enter on line 9 is the smaller of the following:

- \$3,860 (\$1,930 if married filing separate or a divorced parent) less the amount on line 8 of Schedule CS
- The amount of your carryover from line 37 of **2022** Schedule CS for this beneficiary

Note

Complete line 9 only if the amount on line 8 is less than \$3,860 (\$1,930 if married filing a separate return or a divorced parent) and you have a carryover from line 37 of 2022 Schedule CS. Otherwise, skip line 9 and enter the amount from line 8 on line 10.

Enter the amount from line 9 on line 35a in Part V.

Example: You are married filing a joint return. For 2023, you contributed \$2,000 to an Edvest college savings account for your child. The maximum amount that you may subtract for 2023 is \$3,860. You have a carryover of an excess contribution from 2022 of \$5,000. The amount to include on line 9 as a carryover from 2022 is \$1,860 (\$3,860 - \$2,000 = \$1,860).

Assume in this example your child was from a former marriage. In that case, the maximum amount that you may subtract for that child is \$1,930. You would then have an excess contribution of \$70 (\$2,000 - \$1,930 = \$70) for 2023 to carry forward to future years. You cannot use any amount of your carryover from 2022 on your 2023 return.

Line 10 To determine your allowable subtraction, complete the following steps:

Step 1 Add amounts on lines 8 and 9 of Schedule CS.

Full-year Wisconsin residents –

Step 2 Your subtraction is equal to the smaller of:

- The amount determined in Step 1
- The amount on line 5 of **Form 1** less the amount on line 6 of **Form 1** without considering the subtraction for contributions to the Edvest or Tomorrow's Scholar college savings account

Enter the amount of your subtraction from line 10 of Schedule CS on line 10 of Schedule SB (Form 1).

CAUTION If your subtraction is limited due to income level, you will need to adjust lines 7 through 10 and 14 through 16 of Parts I and II in order to determine the correct amount of carryover used for 2023 or that may be allowed for future years. Even if you did not have a carryover from 2022, you must adjust Parts I and II as in some cases this may result in a carryover. To make this adjustment:

- Enter the limited amount determined above on lines 7 and 10.
- Complete line 8.
- Complete line 9 if the amount on line 8 is less than the amount on line 7 and you have a carryover from line 37 of 2022 Schedule CS. The amount to enter on line 9 is the amount on line 7 less the amount on line 6 of Schedule CS.
- Complete lines 14 through 16 if appropriate.

Part-Year Residents and Nonresidents –

EXCEPTION: Do not complete the formula below in the following situations:

- Your wages, unearned income, and net earnings from a trade or business taxable to Wisconsin are zero or a negative amount. The amount of your tentative subtraction is zero.
- Your wages, unearned income, and net earnings from a trade or business taxable to Wisconsin are greater than your total wages, unearned income, and net earnings from a trade or business. The amount of your tentative subtraction is equal to the amount from Step 1.

Step 2 Prorate the amount determined in Step 1 as follows:

$$\text{Amount from Step 1} \times \frac{\text{Wages, unearned income, and net earnings from a trade or business* taxable to Wisconsin}}{\text{Total wages, unearned income, and net earnings from a trade or business**}} = \text{Tentative Subtraction}$$

* Use the amount that will be on line 16, column B, of Form 1NPR, less the amount that will be on line 29, column B, of Form 1NPR **without** considering the subtraction for contributions to a Wisconsin state-sponsored college savings program.

** Use the amount that will be on line 31, column A, of Form 1NPR.

Your subtraction is equal to the smaller of the tentative subtraction computed in Step 2 or your total wages, salaries, tips, unearned income, and net earnings from a trade or business taxable to Wisconsin. (See * in Step 2.)

See the **CAUTION** under full-year Wisconsin residents.

Enter the amount of your subtraction on line 10 of Schedule CS and on line 44 of Schedule M (Form 1NPR).

Line 11 Enter the amount contributed to the Edvest or Tomorrow's Scholar college savings account by others for which you are the account owner for the beneficiary named on line 1 for 2023.

Part II Eligible carryover

Line 16 The amount on line 16 may be carried forward to future years and claimed as a subtraction subject to the yearly limitations. See Part V.

Part III Withdrawals within 365 days of contribution

Line 17 Adjustments must be made if an amount was deposited in an Edvest or Tomorrow's Scholar college savings account in 2022 or 2023 and that amount was withdrawn in 2023 within 365 days of the deposit and used for any purpose.

→ This law applies using a first-in, first-out method of accounting. The first contribution made into the account is considered the first contribution out of the account in determining whether a contribution was made within 365 days of a withdrawal. Only persons who do not have a sufficient balance in their account 365 days in advance of a withdrawal may be required to add all or a portion of the amount of the withdrawal to their Wisconsin income.

Note

If the amount withdrawn within 365 days of the contribution was not used for qualified higher education expenses or was rolled over into another state's college tuition program, complete Part IV first. The amount that is attributable to a withdrawal within 365 days of contribution that is added to income in Part IV does not have to be included when completing line 17a of Part III. You are required to add the amount to income only once.

Line 17a Enter the amount that was deposited in the account and withdrawn within 365 days for any purpose, regardless of whether contributed by the account owner or another authorized individual.

Example: The balance in your Edvest college savings account on January 1, 2022, was \$2,500 (plus earnings). You contributed \$3,100 to the account on September 1, 2022. On August 1, 2023, you withdrew \$4,000 (plus earnings) from the account. Using the first-in, first-out method, \$1,500 ($\$4,000 - \$2,500 = \$1,500$) is required to be added to income since that portion of the withdrawal occurred within 365 days of the deposit.

Example: You are married filing a joint return. You made the following contributions to an Edvest college savings account for your child:

- January 15, 2020 - \$3,000
- April 25, 2021 - \$3,000
- September 15, 2022 - \$18,000
- \$3,200 was claimed as a 2022 subtraction from income, no subtraction was claimed in 2023 and \$14,800 allowed as a carryover to future years.

On September 1, 2023, you received a distribution from the Edvest college savings account of \$16,000 to pay for tuition for your child to attend college. According to the Form 1099-Q, the distribution included \$1,000 of earnings and \$15,000 of principal. Because a portion of the September 15, 2022, contribution was withdrawn within 365 days, you must complete Part III of Schedule CS. The amount withdrawn within 365 days of the deposit is \$9,000 ($\$15,000$ less $\$6,000$ attributable to deposits in 2020 and 2021). The \$9,000 would be entered on line 17a. The portion of the amount on line 17a that was previously claimed as a subtraction is \$3,200. This amount is entered on line 17b and must be added to your Wisconsin income. Your excess contribution carryover must be reduced by the difference ($\$9,000 - \$3,200 = \$5,800$). See Part V of Schedule CS to adjust the carryover.

Example: Beginning January of 2009, you contributed \$100 each month to an Edvest college savings account for your child. On January 1, 2022, the account included \$16,000 of contributions plus earnings. You continued to contribute \$100 a month through 2022 and 2023. In August of 2023 you withdrew \$8,000 from the account to pay tuition for your child to attend college. Even though a portion of the distribution was within 365 days of the date some of the 2022 and all of the 2023 contributions were made to the account, you do not have to complete Part III. Using the first-in, first-out method, the first contributions to the account (contributions first made in 2009 and thereafter) are the first amounts withdrawn and those earlier contributions were not within 365 days of the withdrawal.

Line 17b Enter the portion of the amount withdrawn that was previously claimed as a subtraction from income regardless of whether the subtraction was claimed by the owner of the account or another contributor to the account. This includes amounts taken as a subtraction in previous years and amounts included in line 10. Do not include amounts contributed to an account for which you are not the account owner.

Example: You contributed \$3,000 to an account owned by you on March 1, 2023. You reported this contribution on line 2 and the total amount was included on line 10 as an allowable subtraction. You previously claimed a subtraction of \$2,000 in 2022 for a contribution on November 1, 2022.

You withdrew \$5,000 on August 1, 2023, to pay tuition for your child to attend college. The amount to enter on line 17b is \$5,000. This includes the amount claimed as a subtraction on line 10 of \$3,000 plus the amount claimed as a subtraction in the prior year of \$2,000.

This amount must be included in the account owner's income. If you (owner of the account) are filing Form 1, include this amount as an addition to income on line 3 of Schedule AD (Form 1). If you are filing Form 1NPR, include this amount on line 3 of Schedule M.

Line 17c If line 17a is greater than line 17b, subtract line 17b from line 17a. This indicates there was an excess contribution in 2022 or 2023 that resulted in a carryover. The amount of any carryover must be reduced by this amount. If the amount that was deposited in the account resulted in a carryover for the owner of the account, the owner must reduce the carryover by the amount on line 17c. Enter the amount from line 17c on line 35b and complete Part V.

Note

If the carryover resulted from a contribution by someone other than the owner of the account, the owner of the account must inform that contributor of the amount by which that contributor must reduce their carryover. Enter the amount allocated to the other contributor and their name on the line next to 35b. That contributor must complete Part V of Schedule CS to adjust their carryover.

Part IV Distributions from a college savings account rolled over or not used for qualified education expenses

The owner of the Edvest or Tomorrow's Scholar college savings account must complete Part IV if, while a Wisconsin resident, (1) you received or authorized a distribution from an Edvest or Tomorrow's Scholar college savings account and all or a portion of the distribution was subject to a federal penalty for the owner or beneficiary of the account because it was not used for qualified higher education expenses, (2) an amount was rolled over by the owner of the account into another state's qualified tuition program, or (3) an amount was rolled over by the owner of the account into a qualified ABLE account.

Example: You are single and made the following contributions to your Edvest college savings account:

- March 15, 2019 - \$5,000
- April 10, 2020 - \$5,000
- August 1, 2021 - \$3,000

In addition, your grandparents contributed \$1,000 to the account on July 1, 2021. You claimed a subtraction for the contribution of \$3,000 for 2021 and your grandparents claimed a subtraction of \$1,000 for 2021. No contributions were made for 2022.

On May 1, 2023, you received a distribution of \$7,500. According to the Form 1099-Q, the distribution included \$500 of earnings and \$7,000 of principal. \$2,000 of the distribution was not used for qualified higher education expenses. You were required to include a portion of the earnings in your federal income which will carry over and be included in your Wisconsin income. The amount required to be included in federal income is calculated as follows:

$$\frac{\$2,000}{\$7,500} \times \$500 = \$133$$

The amount that you must add to your Wisconsin income is \$1,867 (\$2,000 - \$133 = \$1,867).

Line 19 "Qualified higher education expenses" means:

- Tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible education institution.
- Expenses for the purchase of computer or peripheral equipment, computer software, or internet access and related services if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible institution.
- Expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance.
- Room and board as allowed for federal tax purposes.
- Expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, up to a maximum of \$10,000 per year per beneficiary from all section 529 plans.
- Expenses for fees, books, supplies, and equipment required for the designated beneficiary's participation in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act
- Up to \$10,000 of principal or interest on qualified student loans for the designated beneficiary or the designated beneficiary's sibling

When completing line 19, do not include the portion of the distribution that consists of earnings on the account that was required to be included in federal income of the owner or beneficiary.

Line 20 Enter the total of the amount you contributed to the college savings account for 2014 – 2023 plus the amount contributed to the account by all other persons for 2014 – 2023. This is the amount from line 13 of Schedule CS.

Line 22 *Owner of the Account* – Enter the amount from line 22 of Schedule CS on line 3 of Schedule AD (Form 1). If you are filing Form 1NPR, enter the amount from line 22 of Schedule CS on line 3 of Schedule M.

Line 23 The amount of any carryover must be reduced by this amount. If the amount that was deposited in the account resulted in a carryover for the owner of the account, the owner must reduce the carryover by the amount on line 23. Enter the amount from line 23 on line 35c and complete Part V.

Note

If the carryover resulted from a contribution by someone other than the owner of the account, the owner of the account must inform that contributor of the amount by which that contributor must reduce their carryover. Enter the amount allocated to the other contributor and their name on the line next to 35c. That contributor must complete Part V of Schedule CS to adjust their carryover.

Line 25 Include on line 25 both the amount you claimed as a subtraction and the amount claimed as a subtraction by others who contributed to the account.

Enter the amount from line 25 of Schedule CS on line 3 of Schedule AD (Form 1). If you are filing Form 1NPR, enter the amount from line 25 of Schedule CS on line 3 of Schedule M. If you have an amount on lines 17b, 22, and 25 of Schedule CS, add the amounts on lines 17b, 22, and 25 and enter the total on line 3 of Schedule AD (Form 1) or line 3 of Schedule M (Form 1NPR).

Note

Line 26 The amount of your carryover must be reduced by this amount. Enter the amount from line 26 on line 35d and complete Part V. If any portion of the carryover resulted from a contribution by someone other than the owner of the account, the owner of the account must inform that contributor of the amount by which that contributor must reduce their carryover. Enter the amount allocated to the other contributor and their name on the line next to 35d. That contributor must complete Part V of Schedule CS to adjust their carryover.

Line 27 You may roll over up to \$17,000 into a qualified ABLE account of the designated beneficiary or a member of the family of the designated beneficiary for 2023. Enter the full amount rolled over in 2023 into a qualified ABLE account on line 27.

Line 30 The amount you claimed as a subtraction and the amount claimed as a subtraction by others who contributed to the account must be added to your Wisconsin income if any amount rolled over into a qualified ABLE account exceeds \$17,000.

Enter the amount from line 30 of Schedule CS on line 3 of Schedule AD (Form 1). If you are filing Form 1NPR, enter the amount from line 32 of Schedule CS on line 3 of Schedule M. If you have an amount on lines 17b, 22, 25, and 30 of Schedule CS, add the amount on lines 17b, 22, 25, and 30 and enter the total on line 3 of Schedule AD (Form 1) or line 3 of Schedule M (Form 1NPR).

Line 31 The amount of your carryover must be reduced by this amount. Enter the amount from line 31 on line 35e and complete Part V. If any portion of the carryover resulted from a contribution by someone other than the owner of the account, the owner of the account must inform that contributor of the amount by which that contributor must reduce their carryover. Enter the amount allocated to the other contributor and their name on the line next to 35e. That contributor must complete Part V of Schedule CS to adjust their carryover.

Part V Computation of carryover from 2023 to 2024

Complete Part V if you have a carryover of a contribution to an Edvest or Tomorrow's Scholar college savings account.

Owner of the account – Complete lines 32 through 37.

Note If any portion of the amount on line 17c, 23, 26, or 31 was allocated to another contributor to the account, you must advise that contributor of the required reduction in their contribution carryover. Include only your portion of the amount on line 17c, 23, 26, or 31 that is to be used to reduce your carryover on lines 35b, 35c, 35d, and 35e. On the solid line before the entry space for 35b, 35c, 35d, and 35e, enter the other contributor's name and the amount of carryover reduction allocated to that contributor.

Person other than account owner – Complete lines 32 through 35a. On line 35b (ignore the reference to line 17c), if the owner of the account advised you that your carryover must be reduced, enter the amount of the reduction to your carryover. In the space to the left of the entry line, enter the name of the owner of the account. Continue completing lines 36 and 37.

The amount on line 37 is your carryover to 2024 for this account.

Additional Information

For more information, you may:

Call: (608) 266-2486

Email: DORIncome@wisconsin.gov

Write: Mail Stop 5-77

Wisconsin Department of Revenue

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Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of November 28, 2023: sec. 529, IRC, and ch. 71, Wis. Stats.