Wisconsin Earned Income Credit
Fact Sheet 1114

The Wisconsin earned income credit is a special tax benefit for certain working individuals and families with at least one qualifying child. The earned income credit is refundable. This means that even workers who did not earn enough wages to have Wisconsin taxes withheld can receive the credit.

This fact sheet provides a general overview of the qualifications for claiming the credit, the credit computation, and the pre-refund review process. Nothing in this fact sheet replaces or changes any provisions of Wisconsin tax law, administrative rules, or court decisions.

Qualifications

To qualify for the Wisconsin earned income credit, you must meet all of the following requirements:

- You qualify for the federal earned income credit.
- You have at least one qualifying child. The federal definition of a "qualifying child" applies for Wisconsin purposes.
- You are a legal resident of Wisconsin all year.
- You file a joint return for the year, or as "head of household" if you are married.

Note: If you were married as of December 31, 2021, see the instructions for your federal return to determine if you qualify to file as head of household.

Caution: Wisconsin has not adopted the following changes to the 2021 federal earned income tax credit made by Public Law 117-2. If any of these federal provisions apply, you must recompute your federal earned income tax credit for Wisconsin purposes. Use either Worksheet A or Worksheet B in the 2021 Form 1040 instructions to recompute your federal earned income tax credit for Wisconsin. Enter the recomputed federal credit on line 26 of Form 1 or line 59 of Form 1NPR.

- If your earned income for 2021 is less than your earned income for 2019, you may elect to use your 2019 earned income to compute your 2021 federal earned income tax credit. For Wisconsin, you must use your 2021 earned income to compute your federal earned income tax credit.
- Raised the investment income limit to $10,000. For Wisconsin, the investment income limit is $3,650.
- Allows a married individual filing as married filing separate to claim the earned income tax credit if either of the following apply:
  - The individual lived apart from their spouse for the last 6 months of 2021.
  - The individual has a decree of divorce or separate maintenance, a written separation agreement, or a decree requiring a spouse to make payments for the support or maintenance of the other spouse and does not live with the other spouse at the end of 2021.

For Wisconsin, a married individual filing as married filing separate cannot claim the earned income tax credit if either of these situations apply.
Additional information concerning the federal earned income credit is available from federal Publication 596, Earned Income Credit (EIC).

Credit Computation

The Wisconsin earned income credit is computed on the Wisconsin income tax return (Form 1 or 1NPR). It is based on a percentage of the federal earned income credit:

<table>
<thead>
<tr>
<th>Number of Qualifying Children</th>
<th>Percentage of Federal Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No credit available</td>
</tr>
<tr>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>11%</td>
</tr>
<tr>
<td>3 or more</td>
<td>34%</td>
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Pre-Refund Review

Each tax season, the Department of Revenue (DOR) conducts a pre-refund review of selected returns where the Wisconsin earned income credit is claimed. Based on more than 15 years of experience, DOR selects only those returns on which errors may be likely.

As part of the pre-refund review process, additional information may be requested. All of the information requested is necessary to complete the review of the Wisconsin earned income credit claimed. If none or only part of the information is provided, we may:

(1) Deny your claim, or
(2) Send another request for the missing information.

As a result of another request for missing information, there will be additional delays in issuing a refund.

Additional Information or Comments

- Visit the department's website for electronic versions of all Wisconsin tax forms and publications
- Email your questions or comments to DORIncome@wisconsin.gov
- Contact our Customer Service Bureau at (608) 266-2486

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of January 5, 2022: sec. 71.07 (9e), Wis. Stats.

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.

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