



Wisconsin Department of Revenue

WI Dept of Revenue | Division of Income, Sales, and Excise Tax
Wisconsin Tax Update – Fall 2025

R. 11/03/2025

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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

- ▷ Income and Franchise Tax
- ▷ Sales and Use Tax
- ▷ Excise Taxes & Electronic Vaping Device Directory
- ▷ Form and Processing Updates
- ▷ Filing Tips
- ▷ My Tax Account Updates and Reminders
- ▷ Department News, Reminders, and Statistics

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Income and Franchise Tax Updates

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Tax Rate Reduction

2025 Wis. Act 15

- Effective for tax years beginning after December 31, 2024
- Affects individual taxpayers and fiduciaries
- Increases the income threshold at which the second tax bracket (4.4%) ends:
 - Single, head of household, and fiduciaries: \$50,480 (increased from \$29,370)
 - Married individuals filing jointly: \$67,300 (increased from \$39,150)
 - Married individuals filing separately: \$33,650 (increased from \$19,580)



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Tax Rate Reduction

2025 Wis. Act 15

- Codifies the first, third, and fourth tax bracket thresholds for 2025 and changes the base year for future inflation adjustments.
- Going forward, August 2024 will be the base year against which future years will be compared for inflation computations.



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2025 Income Tax Rates

Single, HoH, Fiduciaries		
Taxable Income		Rate
\$0	\$14,679	3.50%
\$14,680	\$50,479	4.40%
\$50,480	\$323,289	5.30%
\$323,290		7.65%

Married Filing Jointly		
Taxable Income		Rate
\$0	\$19,579	3.50%
\$19,580	\$67,299	4.40%
\$67,300	\$431,059	5.30%
\$431,060		7.65%

Married Filing Separately		
Taxable Income		Rate
\$0	\$9,789	3.50%
\$9,790	\$33,649	4.40%
\$33,650	\$215,529	5.30%
\$215,530		7.65%



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New Retirement Income Subtraction

2025 Wis. Act 15

- ▶ Effective for tax years beginning after December 31, 2024
- ▶ Individuals who are at least 67 years old as of the end of the taxable year may subtract up to \$24,000 of eligible retirement income.
- ▶ Eligible retirement income includes payments from qualified retirement plans and IRAs that are not excluded from Wisconsin income under a separate provision of federal or Wisconsin law.
- ▶ If a married couple files a joint return and both spouses are at least 67 years old as of the end of the taxable year, the couple may subtract up to \$48,000 of eligible retirement income.



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New Retirement Income Subtraction

2025 Wis. Act 15

- ▶ Part-year residents of Wisconsin must prorate the \$24,000 and \$48,000 limits by the ratio of Wisconsin adjusted gross income to federal adjusted gross income.
- ▶ Nonresidents are not eligible to claim this subtraction.
- ▶ Taxpayers who claim the subtraction **may not claim any Wisconsin tax credit** listed under sec. 71.10(4), Wis. Stats., for that taxable year. The list includes ALL income tax credits available to individuals. The credits may not be claimed and therefore cannot be carried forward.



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Increased Subtraction for Adoption Expenses

2025 Wis. Act 15

- Effective for tax years beginning after December 31, 2024
- Increases the maximum subtraction an individual may claim for qualified adoption expenses from \$5,000 to \$15,000 for each child.



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New Film Production Credits

2025 Wis. Act 15

- Creates two types of credits:
 - Film production services credits (3 in total)
 - Film production company investment credit
- Creates a State Film Office in the Department of Tourism to accredit productions and certify expenses for claiming tax credits.
- No interest is paid on tax refunds for credits claimed.
- For additional information on definitions, limitations, administration, and State Film Office requirements, see new tax law article, *Film Production Company Investment Credit*, in [Wisconsin Tax Bulletin 230](#) (July 2025), page 6.



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New Film Production Services Credit

- Effective for tax years beginning after **December 31, 2025**
- Eligible for all income/franchise tax types
- Creates one *refundable* credit and two *nonrefundable* credits for film production companies who produce a film, video, broadcast, advertisement, or television production in Wisconsin.
- *Refundable Credit*:
 - 30 percent of the production expenditures paid by the claimant in the taxable year to produce an accredited production.



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New Film Production Services Credit

- ▷ *Nonrefundable Credits* (15-year carryforward):
 - Credits are equal to any of the following amounts:
 - 30 percent of the salary or wages paid by the claimant to the claimant's employees for services rendered to produce an accredited production in Wisconsin. Employees must also be Wisconsin residents at the time of payment. Salaries and wages may not be used to claim multiple credits.
 - An amount equal to the sales and use taxes imposed under secs. 77.52 and 77.53, Wis. Stats., paid in the taxable year on the purchase of tangible personal property and taxable services that are used directly in producing an accredited production in Wisconsin.
 - Credits may be sold or otherwise transferred in whole or in part to another person.



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New Film Production Company Investment Credit

- ▷ Effective for tax years beginning after **December 31, 2025**
- ▷ Eligible for all income/franchise tax types
- ▷ *Nonrefundable Credit* (15-year carryforward):
 - Available for the first three taxable years that the claimant is doing business in Wisconsin as a film production company.
 - Equal to 30 percent of the following that the claimant paid in the taxable year to establish a film production company in Wisconsin:
 - The purchase price of depreciable, tangible personal property.
 - The amount expended to acquire, construct, rehabilitate, remodel, or repair real property.
 - Credits may be sold or otherwise transferred in whole or in part to another person.



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Internal Revenue Code

- Tax Year 2025 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 has not adopted provisions in the federal One Big Beautiful Bill (OB BB) - see future slides for discussion of some items from the OB BB.



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Internal Revenue Code

- **Exceptions:** Wisconsin automatically follows the following federal changes:
- IRC 223(c) relating to health savings accounts
 - IRC 1202 relating to the exclusion for gain from certain small business stock
 - IRC 529 and 221(e)(1) relating to education savings accounts
 - Depletion – WI follows federal law in effect for federal purposes for the year in which the property is placed in service
 - IRC 179, 179A, 179B, 179C, 179D, and 179E relating to the expensing of depreciable business assets – WI follows federal law in effect for federal purposes for the year in which the property is placed in service



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Internal Revenue Code

- **Exceptions:** Wisconsin automatically follows the following federal changes:
- *Taxable year* – taxpayers must compute taxable income for the same taxable year as computed for federal income tax purposes
 - *Qualified retirement plans* – a qualified retirement fund for federal income tax purposes is a qualified retirement fund for Wisconsin tax purposes
 - *Federal tax return due dates and any federal extensions for filing.* Note: Interest accrues on underpayments during extension periods.
 - *Additional child and dependent care tax credit* – WI allows 100% of the credit that the claimant may claim on their federal income tax return (recomputed using higher expense limitations for Wisconsin).



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Federal OBBB – Auto-adopted items

- Federal OBBB changes automatically adopted under WI law
- IRC 1202 – the OBBB reduces the % of gain that may be excluded for certain small business stock
 - IRC 179 – the OBBB increased the expense limit to \$2.5 million (up from \$1 million) and the phaseout threshold to \$4 million (up from \$2.5 million), and adopts future annual adjustments for inflation
 - IRC 179D – the OBBB terminated expensing provisions for certain construction of energy efficient commercial buildings after June 30, 2026
 - IRC 21 – the OBBB increases the credit rate for the federal child and dependent care credit, and adjusts the income phaseout threshold
 - IRC 223(c) – the OBBB makes the telehealth safe harbor permanent, which means a health plan will not be disqualified as a HDHP because it offers remote care services



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Federal OBBB – Auto-adopted items

- ▶ Federal OBBB changes automatically adopted under WI law
 - IRC 529 – the OBBB:
 - Increases the amount that can be distributed from a 529 plan for elementary and secondary school expenses, and additional expenses such as vocational training and homeschooling expenses are now eligible expenses
 - Makes permanent the ability to roll over amounts from 529 to 529A (ABLE) account.
 - IRC 898(c)(2) – a specified foreign corporation may no longer elect a taxable year that is earlier than its majority U.S. shareholder's taxable year, for taxable years beginning after November 30, 2025



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Federal OBBB – No tax on tips

- ▶ WI has not adopted this new federal deduction
 - Federal deduction
 - New income deduction for 2025-2028
 - Up to \$25,000 of qualified tips reported on W-2s/1099s/Form 4137 from eligible occupations
 - Deduction phases out for modified adjusted gross income over \$150,000 (\$300,000 MFJ)
 - Employers must withhold income taxes (deduction is on the individual income tax return – Schedule 1A)
 - Income still subject to Social Security and Medicare taxes
 - WI Senate Bill 36 considers a similar WI deduction



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Federal OBBB – No tax on overtime

- ▶ Wisconsin has not adopted this new federal deduction
 - Federal deduction
 - New income deduction for 2025-2028
 - Up to \$12,500 of qualified overtime pay
 - Deduction only applies to "half" portion of time-and-a-half overtime pay
 - Deduction phases out for modified adjusted gross income over \$150,000 (\$300,000 MFJ)
 - Employers must separately report qualified overtime pay on W-2
 - Employers must withhold income taxes (deduction is on the individual income tax return – Schedule 1A)
 - Income still subject to Social Security and Medicare taxes
 - WI Senator Hutton considering similar WI deduction – 2025 LRB 4460



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Federal OBBB – No tax on car loan interest

- ▶ Wisconsin has not adopted this new federal deduction
 - Federal deduction
 - New income deduction for 2025-2028
 - Up to \$10,000 of qualifying interest *
 - Deduction phases out for modified adjusted gross income over \$100,000 (\$200,000 MFJ)
 - Deduction is claimed on the individual income tax return – Schedule 1A
 - Must include VIN on Schedule 1A
 - *Qualifying interest
 - Loan must be taken out after 12/31/24 for a new vehicle
 - Vehicle must be for personal use (not business)
 - Vehicle's final assembly must be in the U.S.
 - Leases are not eligible



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Federal OBBB – Deduction for seniors

- ▶ Wisconsin has not adopted this new federal deduction
 - Federal deduction
 - Additional income deduction for 2025-2028 (in addition to increased standard deduction)
 - Up to \$6,000 (\$12,000 MFJ)
 - Must be 65 or older by the end of the tax year
 - Must have a social security number
 - Deduction phases out for modified adjusted gross income over \$75,000 (\$150,000 MFJ)
 - Deduction is claimed on the individual income tax return – Schedule 1A



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Federal OBBB – Other items for 2025

- ▶ Wisconsin has not adopted other OBBB changes for the 2025 tax year, such as:
 - IRC 139L – relating to an exclusion of interest on loans secured by rural or agricultural real property
 - IRC 163(j) – relating to the limitation on net business interest expense
 - IRC 168(n) – relating to a special deduction for qualified production property
 - IRC 17A, 174, 41, 280C – relating to research and development expenditures
 - IRC 250(b) – relating to the foreign-derived deduction eligible income and net CFC tested income
 - IRC 460(e) – relating to an exception to the percentage completion method of accounting for long-term residential construction contracts
 - IRC 1400Z-1 and -2 – changes to the rules for capital gains invested in Opportunity Zones



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Education Savings Account Subtraction

- ▶ For tax year 2025, a person may subtract up to \$5,130 per beneficiary (\$2,560 if married filing separately) of contributions into a Wisconsin 529 account (e.g., Edvest)
- ▶ This is an increase from \$5,000 in tax year 2024.



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Wisconsin Tuition and Fees Subtraction

- ▶ Subtraction increased to \$7,649 for qualifying expenses per student for taxable year 2025 (up from \$7,333 in 2024)
- ▶ Subtraction phase out ranges:
 - ▶ Single/head of household - \$69,480 to \$83,370
 - ▶ Married filing joint - \$111,160 to \$138,960
 - ▶ Married filing separate - \$55,580 to \$69,480



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Standard Mileage Rates

- ▶ 2025
 - 70 cents per mile for business miles, up from 67 cents for 2024
 - 21 cents per mile for medical or moving purposes
 - 14 cents per mile in service of charitable organizations
- ▶ 2026 - Not announced yet



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Income and Franchise Tax Litigation



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Litigation: Gambling losses as a business expense limited to gambling winnings

Daniel and Debra Scheider v. Wisconsin Department of Revenue: Brown County Circuit Court, October 31, 2024

- Issue: Whether or not 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, Slot Jokers, for the sole purpose of professional gambling and that was the only activity engaged in by the partnership.
- The Commission concluded that sec. 165(d), IRC, applies and does not allow business expenses of professional gamblers to be deducted in excess of gambling winnings.
- Taxpayers appealed and Brown County Circuit Court dismissed the case because the petitioners failed to meet the requirement under sec. 227.53(1)(a)1., Wis. Stats., to timely serve the Commission with a copy of their petition.
- See [Wisconsin Tax Bulletin 228 \(January 2025\)](#), page 13, for additional information.



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Litigation: Effect of capital gain exclusion on credit for taxes paid to other states

Wolfgang and Terry Henschik v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, October 14, 2024

- Issue: Computation of the credit for taxes paid to other states (TPOS credit) when the income tax paid is on net long-term capital gains and Wisconsin only taxes 70% of such capital gains.
- Department adjusted taxpayers 2021 WI income tax return because Wisconsin taxes 70% of [net long-term] capital gain income, which is less than the capital gain income that was taxed by the other states.
- Commission concluded that since Wisconsin's definition of income specifically excludes capital gains that are not considered income under sec. 71.05(6)(b)9., Wis. Stats., the amount of gain excluded from Wisconsin income cannot be considered as being taxed by both Wisconsin and another state.
- See [Wisconsin Tax Bulletin 228 \(January 2025\)](#), page 13, for additional information.



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Litigation: Farming Activity – Not Engaged in For Profit

Daryl & Chrissann Jaeger v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, January 23, 2025

- Issue: Deductibility of losses from farming activity and whether the activity was engaged in for profit.
- Taxpayers had a farming activity with losses, as well as wages earned as an engineer.
- No documentation was provided to support testimony that they consulted an agronomist and took courses or programs to increase profitability.
- Business and personal funds were commingled, and records were incomplete.
- Activity never recorded a profit in 15 years.
- The Commission analyzed the nine factors in the federal regulations to determine whether the activity was engaged in for profit and found in favor of the department.
- See [Wisconsin Tax Bulletin 229 \(April 2025\)](#), page 12-13, for more information.



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Litigation: Exclusion from Income of Health Insurance Payments and Deductibility of Business Losses

Paul Komarck v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, January 13, 2025

- Issue: Whether the taxpayer could exclude payments of health insurance premiums from their income and whether a consulting activity was engaged in for profit.
- Taxpayer conceded most of the business loss issues, so the main issue of contention was the health insurance premiums.
- At the time, the relevant Internal Revenue Code section required payments be made directly from the employee's retirement plan to the health plan to be eligible for an exclusion.
- The department found that the taxpayer paid the premiums out of pocket for some years and was covered under their spouse's health plan for other years, so the deduction was not allowed.
- The law has since been changed for subsequent years to allow premiums paid out of pocket.
- See [Wisconsin Tax Bulletin 229 \(April 2025\)](#), page 14, for more information.



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Litigation: Securities Trading Activity – Not Engaged in For Profit

Willie and Rita Hyche v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, July 31, 2025

- Issue: Whether the taxpayers could deduct business losses from Willie Hyche's trading activities or the losses were limited under sec. 183, IRC, for the activity not being engaged in for profit.
- Department audited taxpayers' 2018 through 2021 Wisconsin individual income tax returns and disallowed the expenses and losses reported on federal Schedule C for the trading business.
- After analyzing the factors specified in Treas. Reg. §1.183-2, the Commission ruled the securities trading activity was not engaged in for profit and upheld the department's assessment.
- See [Wisconsin Tax Bulletin 231 \(October 2025\)](#), page 14, for more information.



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Litigation: Earned Income Credit – Proof of Earned Income

Yusuf Muhammad v. Wisconsin Department of Revenue: Wisconsin Tax Appeals Commission, September 30, 2025

- ▷ Issue: Whether the taxpayer was eligible for Wisconsin's earned income credit (EIC).
- ▷ Department disallowed the self-employment income and EIC claimed on the 2024 Wisconsin individual income tax return due to insufficient documentation of income, plus other issues related to the qualifying children.
- ▷ The Commission ruled the taxpayer did not provide adequate documentation to verify they had earned income (self-employment income) to be eligible for the credit.
- ▷ See [Wisconsin Tax Bulletin 231 \(October 2025\)](#), page 15, for more information.



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Litigation: Intercompany Transactions – Valid Business Purpose and Economic Substance

Skechers USA, Inc. v. Wisconsin Department of Revenue: Court of Appeals, District II, June 4, 2025

- ▷ Issue: Whether the Wisconsin Department of Revenue properly applied sec. 71.30(2), Wis. Stats., allocation of gross income, deductions, credits between 2 or more businesses.
- ▷ 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 department denied the royalty deductions for audited years.
- ▷ The Wisconsin Court of Appeals affirmed the circuit courts order upholding the Commission's decision that the taxpayer failed to prove by clear and satisfactory evidence that a nontax business reason existed for the royalty transactions.
- ▷ Skechers USA, Inc. has appealed to the Wisconsin Supreme Court.
- ▷ See [Wisconsin Tax Bulletin 230 \(July 2025\)](#), page 15, for more information.



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Litigation: Nexus – Foreign Corporation Selling Travel Services

ASAP Cruises, Inc. v. Wisconsin Department of Revenue: Wisconsin Court of Appeals, June 3, 2025

- ▷ Issue: Whether a Florida corporation selling travel services through independent travel consultants to individuals and businesses in Wisconsin is subject to Wisconsin income or franchise tax.
- ▷ ASAP Cruises, Inc. (ASAP) is headquartered and primarily operates out of Jacksonville, Florida. ASAP sells travel services to customers across the United States by utilizing independent travel consultants, who ultimately provide the services to individuals and businesses. ASAP pays the independent travel consultants a commission based on sales volume. ASAP received income from the sale of travel services by independent travel consultants to customers across the United States, including Wisconsin. ASAP did not file Wisconsin income or franchise tax returns. The department issued estimated income/franchise tax assessments.



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Litigation: Nexus – Foreign Corporation Selling Travel Services

ASAP Cruises, Inc. v. Wisconsin Department of Revenue: Wisconsin Court of Appeals, June 3, 2025

- ▶ The Wisconsin Court of Appeals affirmed the Commission's decision that the travel agents sell travel services on behalf of the taxpayer, not tangible personal property. Therefore, ASAP is not protected by Public Law 86-272, and is subject to Wisconsin Corporate income and franchise tax.
- ▶ ASAP has appealed to the Wisconsin Supreme Court
- ▶ See [Wisconsin Tax Bulletin 218 \(July 2022\)](#), page 13, for information on the Commission's decision.
- ▶ See [Wisconsin Tax Bulletin 230 \(July 2025\)](#), Page 16, for more information on the Court of Appeals decision.



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Sales and Use Tax Updates



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Elimination of Tax on Household Utilities

2025 Wis. Act 15

- ▶ Effective October 1, 2025, electricity and natural gas sold for residential use is exempt from tax for all months.
- ▶ Prior to October 1, 2025, electricity and natural gas sold during the months of November to April for residential use is exempt from tax.
- ▶ Residential use means use in a structure or portion of a structure which is a person's permanent residence, but does not include use in transient accommodations, motor homes, travel trailers, or other recreational vehicles.



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New Exemption – Certain Information Products

2025 Wis. Act 15

- Effective October 1, 2025
- Exempts certain information products used exclusively by:
 - An insurance company and its affiliates that possess a certificate of authority from the commissioner of insurance
 - An insurance intermediary licensed by or subject to the jurisdiction of the commissioner of insurance
- An exemption certificate is required by the purchaser to claim the exemption.



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New Exemption – Certain Information Products

- Information products must contain reports, statistics, records, or other data used for purposes of quoting, underwriting, determining insurability, assessing risks, setting rates, or adjusting claims.
- The exemption applies regardless if the information products are transferred in tangible or digital form, and regardless if sold on transactional basis or through a license, subscription, or similar fee.

Note: Without the exemption, such products may be taxable digital goods as an "information product."



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New Exemption - Electric Vehicle Charging Stations

2023 Wis. Act 121

- Effective January 1, 2025
- 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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Exception for Adoption of a Premier Resort Area

2025 Wis. Act 15

- Effective January 1, 2026
- Authorizes a political subdivision with population of 4,000 to 11,000 to declare itself a premier resort area under sec. 66.1113(2)(a), Wis. Stats., and enact the tax under sec. 77.994, Wis. Stats.
- Action must be approved by a majority of the electors in the political subdivision voting on the resolution at a referendum held prior to June 1, 2025
- The political subdivision must reduce its levy limit in the current year by an amount equal to 50 percent of the proceeds of that tax in the previous year, less any previous deductions made.



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Are Tariffs Included in Sale Price or Purchase Price?

- Tariffs are imposed on the importer of goods. The importer may be a reseller or consumer of the goods. An importer that resells goods may pass the tariff on to their customer as a separate line item on the invoice or receipt.
- *Importer is the consumer:*
 - A consumer that pays a tariff to the U.S. custom's authority is not liable for use tax on the tariff. The purchase price subject to use tax is the amount paid to the foreign seller.
- *Importer resells product:*
 - A reseller can purchase products without tax for resale.
 - A retailer is liable for sales tax on the entire sale price of a taxable product without reduction for costs incurred by the retailer (e.g., tariffs). If an importer resells products at retail, and passes on the tariff as a separate charge to their consumer, the charge for the tariff is included in the sales price subject to sales tax.



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Credit Card Fees Charged to Consumers

- Retailers may charge consumers a fee for paying with credit cards.
- The additional charge is part of the sale price and is subject to tax for the sale of a taxable product or service.

Example:	Advertised price of television	\$599.00
	Credit card fee (\$599.00 X .03)	<u>17.97</u>
	Taxable sales price	<u>\$616.97</u>

- If the credit card is used to pay for both taxable and nontaxable products or services, the retailer may allocate the credit card fee between the taxable and nontaxable purchases.



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Elimination of the Penny

- ▶ The federal government stopped minting the penny. Businesses are experiencing a shortage of pennies in circulation.
- ▶ Business should consult with their legal advisors on how to handle cash transactions with customers when pennies are no longer available. Depending on circumstances, businesses may choose different solutions. For example:
 - Accept only digital payments or checks
 - Cash: Round the final amount due (after tax) up or down to the nearest \$0.05
 - Cash: Round the final amount due (after tax) down to the nearest \$0.05
- ▶ Wisconsin sales/use tax is rounded to the nearest \$0.01 and is calculated before rounding the final amount due on a cash transaction.



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Data Centers – Sales Tax Exemption

- ▶ Wisconsin law provides a sales tax exemption for property used **exclusively** for the development, construction, renovation, replacement, repair, or operation of a qualified data center.
- ▶ "Qualified data center" is the buildings that house a group of networked server computers in order to centralize the processing, storage, management, retrieval, communication, or dissemination of data and information.
- ▶ Qualified data center must be certified by WEDC and meet qualified minimum investment.
- ▶ An exemption certificate must be provided to vendors to claim the exemption.
- ▶ [Fact Sheet 2114, Sales and Use Tax Exemption for Qualified Data Centers](#)



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Reminder: New county sales and use taxes in 2025

- ▶ January 1, 2025, Manitowoc County imposes a 0.5% county sales and use tax
- ▶ April 1, 2025, Racine County imposes a 0.5% county sales and use tax
- ▶ For a list of income, sales, and excise tax rates in Wisconsin, search "tax rates" at www.revenue.wi.gov



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Excise Tax Updates



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Electric Vehicle Charging Tax

2023 Wis. Act 121

- Effective January 1, 2025
- Excise tax is imposed equal to 3 cents per KWH on the electricity delivered
- Registration is required by any person who delivers, places, or offers to deliver or place, electricity from an electric vehicle (EV) charging station owned, operated, managed, or leased by the person (see exceptions on next slide).
- The registrant must identify the location of each EV charging station.



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Electric Vehicle Charging Tax

- Persons required to register and pay the excise tax include natural persons, business entities, nonprofit organizations, and governmental units.
- No registration is required for (and the excise tax does not apply to) an EV charging station if either of the following apply:
 - The EV charging station is located at a temporary or permanent residence, except hotels.
 - All the chargers at an EV charging station are Level 1 or Level 2 chargers installed prior to March 22, 2024.



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[illegible]

Electronic Vaping Device Directory

Starting September 1, 2025, EVDs not listed on the directory may be seized and a forfeiture of \$1,000 per day for each device is imposed on manufacturers and retailers that sell or offer for sale an EVD not listed on the directory.

Exception (2025 Wis. Act 15): An EVD that contains hemp, as defined in sec. 94.55(1), Wis. Stats., and does not contain nicotine (hemp device), must be certified to DOR no later than July 1, 2026, and annually thereafter. These hemp devices cannot be sold or offered for sale in Wisconsin beginning July 1, 2026, if the hemp device is not listed on the directory. Beginning September 1, 2026, a \$1,000 forfeiture (per day for each device) is imposed on manufacturers and retailers that sell or offer for sale a hemp device not listed on the directory.

Ongoing litigation – U.S. Court of Appeals 7th Circuit: *Wisconsinites For Alternatives to Smoking and Tobacco, Inc., et al., v. David Casey*

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Form and Processing Updates

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2025 Income Tax Form Changes

Department of Financial Institutions (DFI) Number added

Forms 3, 4, 4H, 4T, 5S, and 6; Schedule DE

Eliminated expired credit schedules

Schedule DC - *Development Zones Credits*

Schedule ED - *Economic Development Tax Credit*

Retirement subtractions

Schedule SB - *Subtractions from Income*

Line 16 - new retirement subtraction (no credits may be claimed)

Line 17 - \$5,000 retirement subtraction

Schedule M - *Additions to and Subtractions from Income*

Line 50 - new retirement subtraction (no credits may be claimed)

Line 51 - \$5,000 retirement subtraction

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2025 Income Tax Form Changes

- ▶ Schedule CR - *Other Credits*
 - Line 2: Water consumption credit – reserved because credit is expired
 - Line 5: Veteran employment credit – reserved because credit is expired
 - Line 23: Opportunity zone investment credit – reserved because credit is expired
- ▶ Schedule CS - *College Savings Accounts*
 - \$5,130 per beneficiary
 - \$2,560 per beneficiary for married filing separate or head of household, married
- ▶ Schedule CF Instructions - *Carryforward of Unused Credits*
 - Removed code 31 - water consumption
 - Removed code 33 - veteran employment
 - Removed code 35 - opportunity zone investment



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2025 Income Tax Form Changes

- ▶ Schedule SB Instructions - *Subtractions from Income*
 - Line 20 - increased adoption expense limit to \$15,000 per adopted child
- ▶ Schedule M Instructions - *Additions to and Subtractions from Income*
 - Line 54 - increased adoption expense limit to \$15,000 per adopted child



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Electronic Filing – new reject rules

- ▶ Third-party software submitting Modernized eFile (MeF) returns will have returns rejected under the following new rules:
 - *New retirement income subtraction*: Taxpayers who claim the subtraction may not claim any Wisconsin tax credit for the taxable year. Returns claiming both the new retirement income subtraction and any credit(s) will be rejected.
 - *Development Zones and Economic Development Tax Credits*: No new credits may be claimed - Schedules DC and ED are retired. Only carryovers of these credits may be shown on Schedule CF.



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Sales and Withholding

- ▶ Sales tax XML software developers will be required to have a Letter of Intent (LOI) and testing in 2026
- ▶ Payroll Service Providers will be required to submit [IRS Form 8655, Reporting Agent Authorization](#), or [Wisconsin Form A-222, Power of Attorney](#), during electronic enrollment in 2026
- ▶ IRS is retiring the FIRE system and only allowing IRIS reporting beginning with tax year 2026 (filing season 2027)
 - DOR already accepts IRIS-formatted XML submissions with LOI and testing approval by developer
- ▶ To expedite processing, file final WT-6 deposit reports at least one full business day before the WT-7 annual reconciliation



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Filing Tips



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Filing Tips – Individual Income Tax

- ▶ Veteran's Property Tax Credit:
 - Property taxes must be paid (received by the municipality) by 12/31/25 to be claimed on the 2025 return
 - Attach verification from Wisconsin DVA.
- ▶ Supplement to Federal Historic Rehabilitation Credit:
 - Attach Schedule HR and certification from WEDC
- ▶ State Historic Rehabilitation Credit (Individuals only):
 - Attach Schedule HR and certification from WHS



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Filing Tips – Individual Income Tax

- ▶ Include all credit schedules with tax returns
- ▶ Some credit schedules (e.g., Schedule CS, *College Savings Accounts*) flow directly to the tax return. Make sure the credit goes to the appropriate line of the Form 1 or 1NPR.
- ▶ Some credit schedules flow to Schedule CR, also include:
 - Both the credit schedule and Schedule CR with the return to claim current year's credit
 - Schedule CF if there is a credit carryover available from prior years



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Filing Tips – Individual Income Tax

- ▶ 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 claimant 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)
- ▶ Wait to distribute K-1s until the entity's return is filed



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Filing Tips – Pass Through Entities

- ▶ If claiming credits and/or withholding passed through from another entity, include with the return (if applicable):
 - Schedules 2K-1, 3K-1, or 5K-1
 - Schedule DE if the K-1 is in the name of a disregarded entity
- ▶ Nonresident owners cannot claim withholding passed through from an entity on Form 1NPR if that entity elects to pay tax at the entity level and claims the withholding to offset tax at the entity level, or the nonresident is included on a composite return (1CNP or 1CNS) filed by the entity and the withholding is used to offset income tax on the composite return.
 - Wisconsin is different from some other states in this situation



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Filing Tips – Pass Through Entities

- ▶ Composite individual income tax returns (Forms 1CNP and 1CNS):
 - Shareholders/partners who have applied for an ITIN/SSN but do not have it yet should not be included on the composite return
 - Duplicate SSNs
 - If both an individual and their revocable grantor trust are owners of a pass-through entity, combine the amounts and report under the individual's SSN on the 1CNP or 1CNS



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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

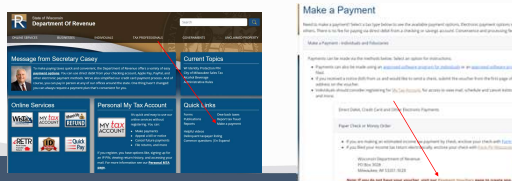


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Payments

- ▶ 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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Check Payment Tips

- ▷ Verify the check date and that it is not stale-dated
- ▷ Pay to: Wisconsin Department of Revenue
- ▷ Verify the dollar amount matches the legal description line
- ▷ Ensure the check is signed
- ▷ Make sure the bank routing and account numbers are legible and not redacted
- ▷ Do not photocopy/reuse old vouchers
- ▷ Make sure the scanline on vouchers is all numerical – if it contains special characters, printer software may need to be updated



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Refunds

- ▷ Direct deposit is faster and more secure
- ▷ Can take over a month to receive a replacement paper check if lost or damaged
- ▷ If opting for paper check, please ensure DOR has a current mailing address
 - Use current mailing address on returns
 - Call or email us to update addresses if you move after filing
 - If check is mailed to an old/incorrect address, DOR must wait 30 days before opening a check trace
 - A stop payment is placed on the original check when a trace is opened
 - Results of a check trace are mailed 2-3 weeks after the trace is opened; results will be:
 - A new check, or
 - A copy of the front and back of the cashed check (showing the signature) with instructions on how to proceed with a forgery claim



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My Tax Account

(MTA)



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MTA Changes

- ▷ Software version upgrade rolling out January 12
- ▷ General look and feel, navigation will remain the same
- ▷ New features:
 - Use a passkey to log in rather than a password (optional – you can still continue using a password if you prefer)
 - Passkey allows you to sign in using your fingerprint, facial recognition, etc. instead of a username and password
 - Change your username
 - Create a payment voucher directly from the confirmation screen
 - Once created, find the voucher in submission history rather than mail



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MTA Changes

- ▷ New Security tab:
 - Manage and update your sign-in methods (password, passkey, authentication app, text, email)
 - Revoke trusted browsers
 - See when your password expires
- ▷ Payments submitted immediately after filing a return are simplified
 - MTA will recognize the period and account type from the return
- ▷ Unregistered/non-logged-on payments: user will be required to verify their email address by typing in a security code



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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)

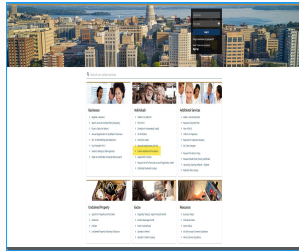


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MTA Reminders

- ▶ Use MTA to submit documents in response to letters
 - Most letters now allow this, but check the letter instructions
- ▶ Provide multi-page documents as one PDF
 - This allows DOR staff to review documents more efficiently, creating a faster turnaround time for taxpayers

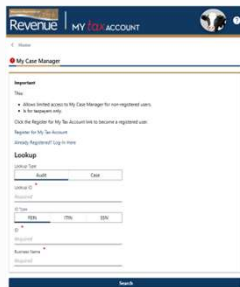


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My Case Manager

- ▶ 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](#)



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Department News, Reminders, and Statistics



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Department News and Initiatives

- ▶ Federal government shutdown
- ▶ A year in with our new call center
 - New tools for us to better assist you
 - Fewer outages
 - More improvements in progress
- ▶ Analyzing and optimizing tax return suspension rules and identity theft selection
 - Goal: reduce false positives
- ▶ Increasing cross-training and trying new methods to manage the work for employees who process returns


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Audit Tips and Initiatives

- ▶ DOR receives information from the IRS and third parties that we use to adjust taxpayers' Wisconsin returns
 - If a taxpayer receives an audit bill and disagrees, they should appeal with documentation to support their appeal
 - Appeals must be submitted within **60 days**, or the audit bill becomes final


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Audit Tips and Initiatives

- ▶ Prioritize closure of long running audits
- ▶ Speeding up audits
 - Provide IT resources in initial meetings with auditor to identify requested electronic records
 - DOR trains staff to write clear, detailed descriptions of records requested
 - Provide requested records to the auditor in a timely manner
- ▶ Uncertain tax position
 - Have documents ready for auditor to support tax position


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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 and other 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 resulting in lost time, funds and trust
- ▶ System intruders can change direct deposit accounts on pending returns to accounts they control and/or steal data, which is then used to create fraudulent tax returns
- ▶ Stolen data can be misused for years to come



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You Are A Target! Protect Your Clients; Protect Yourself

- ▶ Vigilance is key. Signs of a potential data breach include:
 - Returns submitted or changed from unrecognized IP addresses, at unexpected times, or by an unexpected employee
 - Unusual computer activity (e.g., running slower, crashes, lockouts, cursor moving) – these can be a sign of malware
 - An employee reports they clicked on a link or attachment from a suspicious email
 - You receive responses to emails you did not send
 - Number of returns e-filed with your EFIN or PTIN exceed the number you submitted
 - Increase in rejects because clients' Social Security numbers were already used on another return
 - Customer contacts indicating a state or federal tax refund was issued but not deposited into their bank account
 - Clients receive IRS or state authentication letters when they haven't yet filed a return
 - Clients receive unexpected refunds, transcripts or other tax notices



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You Are A Target! Protect Your Clients; Protect Yourself

- ▶ Implementing safeguards such as these can protect your clients and your reputation:
 - Install anti-malware/anti-virus security software on all devices and automatically update software
 - Use a firewall
 - Create and secure virtual private networks
 - Use strong and unique passwords
 - Implement two-factor authentication
 - Encrypt all sensitive data
 - Make a final review of return information (and direct deposit info) - prior to e-filing
 - Limit access to taxpayer data to individuals who need to know.
- ▶ Security guides and other resources are available on the IRS's [Identity Theft Information for Tax Professionals](#) page



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Data Breach Reporting

- ▶ **IRS Stakeholder Liaison:** liaison will notify IRS Criminal Investigation and others within the agency. For Wisconsin, contact CL.SL.Area.6@irs.gov or 206-946-3703.
- ▶ **States in which you prepare state returns:**
 - Wisconsin: email 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 Administrators' [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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ID Verification

	FY25	FY24	FY23	FY22
Returns Evaluated	3,186,562	3,164,804	3,157,506	3,150,305
Quizzes Required	1,730	3,463	3,671	4,362
PINs Required	31,836	57,304	52,135	56,373
ID Docs Required	3,305	5,030	4,829	6,870
ID Docs Reviewed	5,521	6,758	6,306	5,764
Total ID Verification Actions Required	36,871	65,797	60,635	67,605
% of Returns Evaluated Requiring ID Verification	1.16%	2.08%	1.92%	2.15%
Refunds Denied for Failure to Verify ID	9,885	26,030	23,896	10,994



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Refunds Denied or Reduced

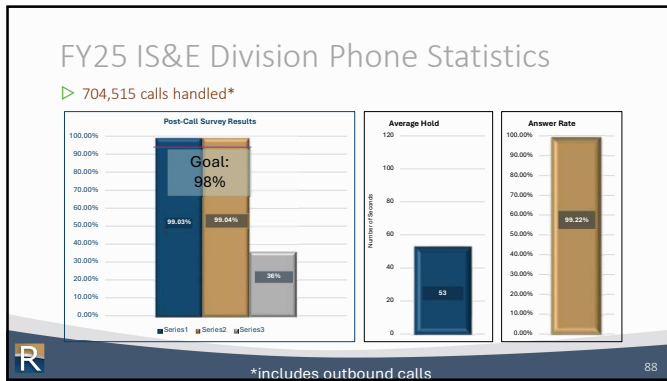
Refunds Denied or Reduced	Fraud Detection With Analytics	Processing Fraud - OCI	Processing Fraud - Tax Ops	Earned Income Credit	Homestead Credit	Total for Specific Initiatives
FY25	\$6,006,638	\$12,770,930	\$6,761,079	\$21,816,932	\$15,440,064	\$62,795,643
FY24	\$12,623,912	\$239,872,447**	\$7,984,540	\$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	\$6,662,514	\$23,387,278	\$23,197,939	\$69,524,710
FY21	\$3,190,632	\$9,878,995	\$4,631,190	\$19,748,512	\$24,148,497	\$61,597,826
FY20	\$5,613,844	\$7,940,977	\$2,656,902	\$8,123,852	\$4,776,598	\$29,111,778
FY19	\$8,595,688	\$5,970,625	\$6,020,804	\$20,436,036	\$14,358,603	\$55,381,754
FY18	\$7,052,669	\$5,869,413	\$5,628,995	\$17,943,046	\$14,862,551	\$51,356,674
FY17	\$9,300,745	\$6,059,255	\$8,044,070	\$20,134,976	\$16,046,799	\$59,585,845
FY16	\$11,149,599	\$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	\$8,195,228	\$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

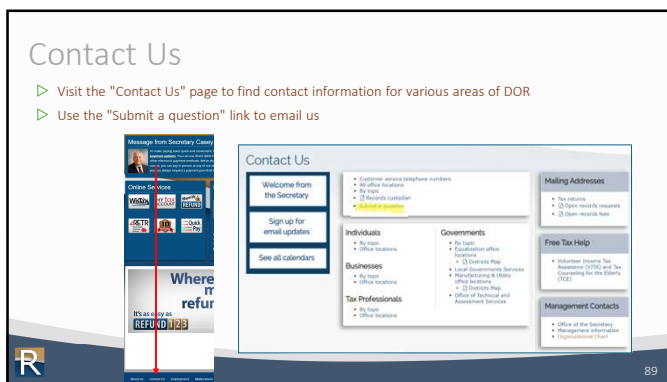


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Submit a Question

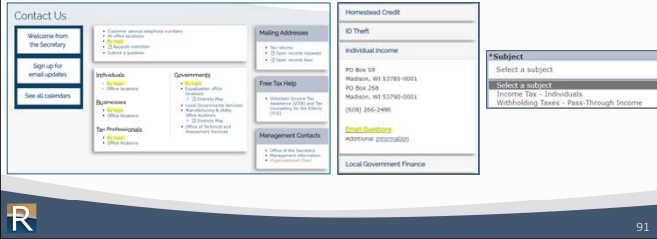
▶ Subject helps route questions to the appropriate staff to handle

General "Submit a question" link will show all available subjects in dropdown

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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



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Contact Us

- Practitioner email address and phone number

- Do not share with your clients
- 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

- Amanda Mosel, Customer Service Bureau Director

- (608) 266-1653
- amanda.mosel@wisconsin.gov



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Thanks!

- Any questions?



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