# Wisconsin Tax Updates

Fall 2026

Wisconsin Department of Revenue
Income, Sales & Excise Tax Division

*Created: November 3, 2026*

# Agenda / Overview

## Topics

- Wisconsin IRC Conformity for 2026
- New WI Tax Laws – Individual Income Tax
- New WI Tax Laws – Business & Corporate
- Other Income & Franchise Tax Updates
- Sales & Use Tax Updates
- Excise Tax Updates
- Unclaimed Property
- Enforcement & Litigation
- General Updates & Reminders

# Wisconsin IRC Conformity for 2026

# Wisconsin IRC Conformity – Overview

- Wisconsin uses **static** conformity – adopts a fixed-date IRC definition (certain exceptions apply). Updates require legislative action signed by the governor.
- Wisconsin law currently follows federal IRC as amended through December 31, 2022
- Most changes made by One Big Beautiful Bill Act (P.L. 119-21) do **not** apply to Wisconsin
- **Depreciation:** WI follows IRC as of Jan 1, 2014 (with a couple of exceptions)
  - No bonus depreciation; follow current federal law for sec. 179
- See IRC Conformity article in Wisconsin Tax Bulletin 234 (July 2026)

# IRC Differences – Trump Accounts & Dependent Care

- **Trump Accounts** (sec. 530A, IRC):
  - Federal: New tax-advantaged savings for individuals under 18; contributions begin July 4, 2026
  - Wisconsin: Does **not** recognize Trump accounts or any related income exclusion
- **Dependent Care Benefits** (sec. 129, IRC):
  - Federal: Excludes up to $7,500 ($3,750 MFS)
  - Wisconsin: Only up to $5,000 ($2,500 MFS) may be excluded

# IRC Differences – Student Loans & Moving Expenses

- **Student Loan Forgiveness – Death/Disability** (sec. 108(f)(5), IRC):
  - Federal: Permanently exempt
  - Wisconsin: Exemption expired after 2025
- **Employer Payments of Student Loans** (sec. 127, IRC):
  - Federal: Excludable as qualified education assistance
  - Wisconsin: Does **not** qualify for exclusion; taxable wages to employee
- **Moving Expense Reimbursement and Deduction** (secs. 132(g), 217, IRC):
  - Federal: Limited to Armed Forces and certain members of the intelligence community only
  - Wisconsin: Broader pre-TCJA eligibility

# IRC Differences – Hazardous Duty & Mortgage Interest

- **Qualified Hazardous Duty Areas** (secs. 7508, 112, and other specified sections, IRC):
  - Federal: Sinai Peninsula, Kenya, Mali, Burkina Faso, and Chad treated as combat zones
  - Wisconsin: Except for extensions to file, WI does **not** recognize these as combat zones; income **must** be included in WI income
- **Mortgage Interest Deduction** (sec. 163(h)(3), IRC):
  - Federal: Interest deductible on up to $750,000 ($375,000 MFS) of acquisition debt; mortgage insurance premiums treated as qualifying interest
  - Wisconsin: Pre-TCJA rules – interest deductible on up to $1,000,000 ($500,000 MFS) of acquisition debt and $100,000 ($50,000 MFS) of qualified home equity debt; mortgage insurance premiums **not** deductible

# IRC Differences – Charitable Contributions & Gambling Losses

- **Charitable Contribution Limitations** (sec. 170, IRC):
  - Federal: Qualified cash contributions by individuals deductible up to 60% of AGI; deduction floors adopted for individuals and corporations
  - Wisconsin: Cash gifts by individuals capped at 50% of AGI; **no** deduction floors adopted
- **Gambling Losses** (sec. 165(d), IRC):
  - Federal: Gambling losses limited to 90% prior to offsetting against gains/winnings; other allowable deductions treated as gambling losses and included in 90% limitation
  - Wisconsin: Except for professional gamblers, session gambling losses only allowed to offset session winnings if records kept; 90% federal limitation does not apply; other deductions from wagering transactions **not** treated as gambling losses (See Publication 600)

# IRC Differences – ABLE Accounts & Itemized Deduction Limitation

- **ABLE Accounts** (sec. 529A, IRC):
  - Federal: $20,000 contribution limit for 2026; special beneficiary limit now permanent
  - Wisconsin: Limit remains $19,000 and no special beneficiary limit after 2025; accounts that allow more contributions are disqualified
- **Itemized Deduction Limitation** (sec. 68, IRC):
  - Federal: Highest marginal rate taxpayers reduce deductions to 35% marginal tax benefit
  - Wisconsin: Pre-TCJA "Pease" limitation applies - reduces deductions by lesser of 80% or 3% of income above threshold

# IRC Differences - R&E Expenses

- **Foreign R&E:** Federal capitalizes/amortizes 15 years (sec. 174, IRC)
  - WI deducts in year incurred or amortizes 5+/10 years (pre-TCJA rules)
- **Domestic R&E:** Federal has multiple options incl. full deduction (sec. 174A, IRC)
  - WI deducts in year incurred or amortizes 5+/10 years (pre-TCJA rules)
  - Federal small business election (≤$31M gross receipts) does **not** apply to WI
  - Federal election to deduct remaining balance on 2025/2026 returns does **not** apply to WI
  - Amended WI returns may be needed – review Wisconsin Tax Bulletin 232 examples

# IRC Differences – 1099 Reporting Thresholds

- **Information Reporting Thresholds** (secs. 6041(a), 6041A(a), IRC):
  - Federal: Thresholds for 1099-NEC and 1099-MISC increased to $2,000 for 2026
  - Wisconsin: Reporting required if WI tax withheld or if non-wage payments exceed $600

# IRC Differences – W-2 Wage Reporting & Summary

**W-2 Wage Reporting Differences for 2026:**

Box 16 (WI wages) may differ from federal amount due to IRC differences:

- Sec. 112 – Combat zone compensation (hazardous duty areas)
- Sec. 127 – Education assistance (student loan payments)
- Sec. 128 – Employer contributions to Trump accounts
- Sec. 129 – Dependent care assistance (amounts exceeding WI limit)
- Sec. 132 – Fringe benefits (moving expense/bicycle commuting)

**Key Takeaway**: Employers must track federal vs. WI differences for 2026 W-2s

# New WI Tax Laws: Individual Income Tax

# New – Veterinary Loan Repayment Subtraction (Act 177)

- Effective: Tax years beginning on or after January 1, 2025 (*Note*: grant program began in 2026)
- Creates subtraction for amounts received from the veterinary loan repayment grant program
- Subtraction applies to the extent amounts are included in federal AGI
- Program established under sec. 39.389, Wis. Stats., to encourage veterinary professionals to practice in Wisconsin

# New – Financial Exploitation Loss Subtraction (Act 192)

- Effective: Tax years beginning on or after January 1, 2024
- Subtraction for money lost from financial accounts due to financial exploitation
- Qualifying: theft, deception, force, coercion, unauthorized use of personal info, forgery
- Must be reported to law enforcement; no reasonable prospect of recovery
- Funds must have been included in federal gross income
- Subtracted in the year the withdrawal/disbursement occurred
- Recovery recapture: Any recovery must be added back to WI income
- Filing: Line 49 of Schedule SB or line 83 of Schedule M

# New – National Guard/Reserve Pay & Stillborn Child Credit

- **National Guard and Reserve Pay Subtraction** (Act 205):
  - Effective: Tax years beginning on or after January 1, 2026
  - Subtraction for:
    - federal basic pay received by a National Guard or Reserve member under 37 USC 204(a)(2)
    - federal inactive-duty training pay received by a Reserve member under 37 USC 206 or 206a
- **Stillborn Child Tax Credit** (Act 241):
  - Effective: Tax years beginning on or after January 1, 2026
  - Nonrefundable credit for full-year Wisconsin residents
  - Credit amounts: $2,000 (MFJ) / $1,000 (all others)
  - Must submit copy of fetal death report with tax return

# New – Repeal of Obsolete Tax Credits (Act 118)

- Effective: March 29, 2026
- Repeals numerous sunset tax credits including:
  - Armed forces member credit / Biodiesel fuel production credit
  - Community development finance credit / Dairy & livestock farm investment
  - Economic development tax credit / Electronic medical records credit
  - Jobs tax credit / Manufacturing investment credit
  - Postsecondary education / Technology zones / Veteran employment / Water consumption
  - Repeal of nonrefundable credits delayed until they can no longer offset tax

# New WI Tax Laws: Business & Corporate

# Research Credit Carry-Over Extension (Act 220)

- Effective: April 10, 2026
- Extends carry-over period for unused research credits from 15 years to 50 years
- Applies to previously claimed research credits that remain unused
- Credits must not have expired as of April 10, 2026

# Low-Income Housing Credit Changes (Act 236)

- Effective: Taxable years beginning on or after January 1, 2025
- Removes requirement for tax-exempt bond financing
- 35% of WHEDA-allocated credits must go to rural areas
- Pass-through entities (not members) may be responsible for DOR audit assessments
- Allows insurers who are members of pass-through entities to claim the credit

# Supplement to Federal Historic Rehabilitation Credit Changes (Act 238)

- Effective: April 10, 2026
- "Substantially rehabilitated" threshold: at least $50,000 in qualified expenditures during 24 months
- If only the Wisconsin credit is claimed (no federal credit), no approval from federal Secretary of Interior needed (only State Historic Preservation Officer approval needed)
- $3.5 million per-parcel limit changed from **lifetime** to **15-year** limit

# Business Development Tax Credit Expansion (Act 78)

- Effective: Taxable years beginning on or after January 1, 2026
- Expands workforce housing and childcare program portions of the credit
- **New:** Contributions to third parties for building/rehabilitating workforce housing
- **New:** Contributions to local revolving fund loan programs now eligible
- **Removed:** Requirement that programs must only benefit the claimant's own employees

# Enterprise Zone Tax Credit for Aviation Biofuel (Act 164)

- Effective: Tax years beginning on or after January 1, 2026
- Allows **one** Wisconsin biofuel manufacturer to be certified by WEDC
- Majority of production must be aviation biofuel
- "Biofuel" means fuel created by converting organic matter derived from wood, at least 80% of which, as measured by aggregate volume over a 5-year period, has been sourced in Wisconsin
- Maximum credit: $120,000,000
- Claimant certified under the enterprise zone tax credit program

# New – Employer-Provided Child Care Tax Credit (Act 183)

- Effective: Tax years beginning on or after January 1, 2026
- Nonrefundable credit based on federal employer-provided child care credit (IRC sec. 45F)
- Credit equals the amount of the federal sec. 45F credit claimed
- Cannot claim for facilities/services outside Wisconsin
- Credit must be added to Wisconsin income for the year claimed
- Unused credits carry forward 15 taxable years

# New – Film Production Tax Credits (Acts 15 & 174)

- **Film Production Servies Credit & Film Production Company Investment Credit**
- Effective: For taxable years beginning on or after January 1, 2026
- Must be certified and verified by the Wisconsin State Film Office
- Maximum $5 million certified per year and $1 million per applicant
- Application forms and FAQs at FilmWisconsin.com

# New – CDE Investment Credit (Act 191)

- Effective: Taxable years beginning on or after January 1, 2025
- Nonrefundable credit for insurance companies that make equity investments in qualified Community Development Entities (CDEs) for the benefit of qualified low-income communities
- Credit is a percentage of purchase price of equity investment: 0% year 1, 0% year 2, then 10% for next 5 years = 50% total credit
- Investment caps: $125M for rural counties; $125M for metro counties
- Annual credit limit: $12.5M for rural counties; 12.5M for metro counties
- Metro counties: Columbia, Dane, Green, Iowa, Milwaukee, Ozaukee, Washington, Waukesha
- CDEs submitted applications to DOR on June 8, 2026. DOR prorated credit authority amongst qualified CDE applicants.

# New – CDE Investment Credit (continued)

- CDEs receive cash investments and must use the cash to make capital or equity investments in, or loans to, qualified active low-income community businesses in the rural and metro counties for which they are authorized by DOR.
- Recapture triggers:
  - Federal recapture under sec. 45D
  - Redemption or principal repayment before 7th anniversary
  - Failure to invest/maintain 100% of purchase price within 12 months
- CDE must submit annual reports by May 1 to DOR
- DOR may conduct examinations and issue advisory letters
- revenue.wi.gov/Pages/Businesses/ComDevCredit.aspx

# New – Railroad Credits (Act 242)

- **Rail Infrastructure Modernization Credit:**
  - Effective: Tax years after December 31, 2025 (claims for 2026–2030)
  - 50% of qualified new rail infrastructure expenditures

    Eligible: Class II/III railroads, owners/lessees of rail sidings/spurs, local governments

    Qualified: right-of-way acquisition, engineering, new track, rehabilitation, loading docks

    Maximum credit = $2,000,000 per taxable year per application

    WEDC may certify up to $10,000,000 annually for all applicants
- wedc.org/programs/rail-infrastructure-modernization/

# New – Railroad Credits (continued)

- **Rail Infrastructure Maintenance Credit:**
  - Effective: Tax years after December 31, 2025 (claims for 2026–2030)
  - 50% of qualified short line railroad maintenance expenditures
  - Only Class II/III railroad companies eligible
  - Qualified: rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, labor
  - Maximum credit = $5,000 × miles of track owned/leased in WI on December 31
  - Cannot claim for expenditures funded by federal credits or federal/state grants
- wedc.org/programs/rail-infrastructure-maintenance/
- **Both Credits:** WEDC certifies; nonrefundable, 5-year carryforward; transferable (with DOR notification and approval); credit amount included in WI income

# New – Long-Term Care Insurance Assessment Credit

- Effective: Taxable years beginning on or after January 1, 2027 (Acts 227 & 228)
- Credit = 20% of long-term care insurance assessment paid to Insurance Security Fund
- Upon payment of assessment, insurer must elect either income/franchise tax credit OR insurer license fee credit
- Insurance Security Fund certifies amounts to DOR or Office of the Commissioner of Insurance
- Insurer may claim credit for the taxable year **after** payment and for the following 4 taxable years
- Refundable for disability insurers; nonrefundable for all others
- Insurers that are pass-through entities may claim the credit, but not their members

# Other Income & Franchise Tax Updates

# Education Subtractions - 2026

- **College Savings Account Subtraction** (inflation adjustment):
  - Single/MFJ: $5,130 → $5,280 per beneficiary
  - MFS: $2,560 → $2,640 per beneficiary
- **Tuition & Fees Subtraction** (inflation adjustment):
  - Previous: $7,649 → New: $8,030 (+$381)
  - Form: 2026 Schedule SB, line 8

# 2026 Income / Franchise Tax Form Changes

- Draft and finalized forms available at www.revenue.wi.gov – search "2026 income tax forms"
- New forms:
  - Schedule WI-8882, *Additional Employer-Provided Child Care Credit*
  - Schedule FP, *Film Production Services and Company Investment Credits*
  - Schedule RR, *Rail Infrastructure Modernization and Maintenance Credit*
- *Forms 1 and 1NPR* – individual income tax returns
  - New line added for stillborn child credit
  - New code 23 for extension of time to file due to federal extension for qualified state-declared disaster

# 2026 Income / Franchise Tax Form Changes

- *Schedules AD, SB, M, and 2M* – additions to and subtractions from income
  - New lines for addition to income for additional employer-provided childcare credit, film credits, and railroad credits
  - New line for subtraction from income for veteran loan repayment grant
  - Active duty pay subtraction changed to "qualified pay" for federal military pay subtractions
- *Form W-RA* - Required Attachments for Electronic Filing
  - Added check boxes for required attachments for stillborn child tax credit, film credits, and railroad credits

  **Note:** Form W-RA is only used when documents cannot be attached/submitted with an electronically-filed tax return

# 2026 Income / Franchise Tax Form Changes

- *Schedule I* – adjustments due to Internal Revenue Code differences
  - Created supplemental worksheets to show recomputed federal itemized deductions for Wisconsin and to compute Wisconsin's itemized deductions limitation (Pease limitation for Wisconsin)
- *Schedules CR and CF* – certain credits and carryforwards
  - Added lines or codes for biodiesel fuel production credit, film credits, railroad credits, and additional employer-provided childcare credit
  - Removed obsolete credits
- *Forms 2, 3, 4, 5S, and 6* – Estate, Trust, Partnership, and Corporation Tax Returns
  - Similar modifications made for reporting new tax credits

# Advance Pricing Agreements (APAs)

- APAs are binding IRS agreements on arm's-length pricing for intercompany transactions
- APA ≠ Revenue Agent's Report (RAR) – APA is taxpayer-initiated; RAR from IRS examination
- If federal amended return filed due to APA → WI amended return generally required within 180 days
- APA does NOT extend Wisconsin's 4-year refund statute of limitations
- Protective claims: file within 4 years of original return's unextended due date
- Wisconsin Tax Bulletin 234

# Common Errors – Apportionment Sales Factor

## Exclude from Wisconsin Sales Factor:

- ✕ Gain/loss from sale of tangible business assets (except inventory, farms, mines, scrap)
- ✕ Securities proceeds (e.g., hedging), foreign exchange gain/loss
- ✕ Interest income (except trade accounts/notes receivable)
- ✕ Dividend income
- ✕ Refunds, rebates, and cost recoveries
- ✕ Accounting method change adjustments unrelated to "sales"
- ✕ Intercompany transactions within combined group: always excluded
- ✕ Reimbursements without markup from affiliates: excluded

*Note: Reimbursements with arm's-length markup and economic substance may be considered sales relating to the production of business income and included in the sales factor*

# Sales & Use Tax Updates

# New Sales & Use Tax Exemptions

- **Nuclear Fusion Technology Projects** – (Act 165 - effective July 1, 2026)
- Exemption: Tangible personal property exclusively and directly used for a nuclear fusion project and used solely at the project's location
    - Includes purchases by construction contractors who transfer such property to their customers in a real property construction activity
- Nuclear fusion technology project means a project that has the purpose of undertaking the controlled fusion of atomic nuclei or research thereupon, including energy generation, propulsion systems, materials research, medical isotope production, neutron sources, plasma physics research, and any other application making use of fusion reactions or fusion-enabling technologies
- How to claim: Exemption certificate required (Form S-211) - "Nuclear Fusion Technology Projects"

# New Sales & Use Tax Exemptions

- **Contract Research Services** – (Act 190 - effective July 1, 2026)
- Exemption expanded to persons engaged in contract research services
- Exemption: Machinery and equipment, including attachments, parts, and accessories, and other tangible personal property that are sold to a person engaged in contract research services and that are consumed or destroyed or lose their identities while being used exclusively and directly in qualified research
- “Contract research services” means research conducted by a person on behalf of a customer that, if conducted by employees of the customer, would constitute qualified research
- “Qualified research” is defined in IRC 41(d)(1), except it includes research funded by a customer for whom contract research services are provided
- How to claim: Exemption certificate required (Form S-211) - “Contract Research Services"

# Sales & Use Tax Exemptions Modified

- **Precious Metal Bullion**: exemption certificate **no longer required** (Act 124 - effective March 29, 2026)

- **Real Estate Broker Memberships**: exemption modified (Act 108 - effective June 1, 2026)
  - Removed requirement that brokers must offer to compensate other brokers pursuant to the membership agreement

# Premier Resort Area Tax & Rate Changes

- City of Sturgeon Bay and Town of Minocqua: 0.5% PRAT effective July 1, 2026
  - Sellers must register to collect and report PRAT (email DORRegistration@wisconsin.gov)
  - File and pay through My Tax Account
- Use WI State and Local Sales Tax Rate Lookup tool for current rates applicable to a street address or 9-digit zip code: revenue.wi.gov/Pages/Apps/strb.aspx

# Sales & Use Tax – Rounding For Penny Shortages

- The United States Treasury stopped minting or producing new pennies for general circulation.
- Many businesses are rounding transactions when a customer pays in cash and the business does not have enough pennies to provide exact change.
- The Wisconsin DOR and DATCP published guidance describing the impact on businesses that round cash transactions due to penny shortages. See the guidance by searching "penny" on each agency's website.
- The penny shortage does not impact how sales tax is calculated on a retail sale. Retailers multiply the sales price of taxable items by the Wisconsin sales tax rates and round that amount to the nearest cent ($0.01), as provided in sec. 77.61(3m), Wis. Stats., and sec. Tax 11.32(5), Wis. Adm. Code.
- If a retailer chooses to round the cash transaction to the nearest nickel, such rounding should occur after the sales tax is calculated.

# Excise Tax Updates

# Electric Vehicle Charging Tax

- Rate: 3 cents per kilowatt-hour (kWh)
- Applies to: Level 3 chargers (all) and Level 1/2 installed on or after March 22, 2024
- Tax due from businesses, governmental units, and non-profits (even if no charge to consumer)
- Act 211 clarifications (effective April 10, 2026)
  - Electric Vehicle defined per 23 CFR 680.104; **excludes** golf carts, e-bikes, micromobility devices
  - All chargers located at a residence are exempt
  - Single-owner disregarded entities: must register and file directly with DOR
- File and pay through My Tax Account
- Publication 305, *Electric Vehicle Charging Tax*

# Electronic Vaping Device Directory

- As of July 2, 2026: **All** electronic vaping devices sold in WI must be listed on the directory
- Manufacturers must certify devices annually via My Tax Account
- Includes components, parts, accessories, and liquids/substances
- Unlisted devices: subject to seizure; $1,000 forfeiture per day per device
- Beginning September 1, 2026: hemp-containing (non-nicotine) devices also subject to forfeiture
- Violations constitute unfair and deceptive trade practices (sec. 100.20, Wis. Stats.)
- revenue.wi.gov/Pages/FAQS/ise-vape-directory.aspx

# Unclaimed Property Updates

# Unclaimed Property Updates

New Fraudulent Claims Penalties (Act 112 - effective March 22, 2026)

- New civil and criminal penalties for filing fraudulent claims
  - Penalty = total value of property
  - Class I felony
- Locator service penalties:
  - $1,000 for property valued ≤ $15,000
  - $2,500 for property valued > $15,000
  - DOR posts penalized locator name/address on website for 12+ months

Updated Publication 82 with new securities custodian information

# Enforcement Actions

# Criminal Enforcement Cases

## Jenny Wicke – Wood County

- Sentenced March 13, 2026
- 2 years prison (imposed and stayed) + 4 years probation
- Operated West River Café; failed to report cash sales
- Pled no contest to 2 counts sales tax theft + 4 counts food stamp fraud

## Mauricio Castaneda – Walworth County

- Sentenced March 6, 2026 – 4 years 6 months in prison
- Ordered not to prepare or file tax returns for others
- Operated El Nevado Taxes in Whitewater
- 33 false returns; $33,356 in fraudulent refunds
- DOR identified 307 additional fraudulent returns and prevented $298,300 refunds

# Litigation Highlights

# Litigation – Individual Income Tax

*PANAHI & AKSARI v. DOR* (WTAC, July 2, 2026) – WTB 234:

- Nonresident 2022 business loss sourced to state of Washington cannot be carried back to offset 2020 Wisconsin income
- Status: Taxpayer did not appeal

# Litigation – Corporate & Franchise Tax Cases

*INTERSYSTEMS v. DOR* (WTAC, Nov 20, 2025) – WTB 232:

- Software licensing income sourced to WI based on purchaser billing location
- Dane County Circuit Court affirmed Tax Appeals Commission decision (August 20, 2026)
- Status: Taxpayer has appealed the decision

*ASAP CRUISES v. DOR* – WTB 233:

- Travel services ≠ tangible personal property; P.L. 86-272 does not protect
- Status: WI Supreme Court denied review; Court of Appeals decision stands

*SKECHERS USA v. DOR* – WTB 234:

- Intercompany royalty deduction denied – lacked business purpose / economic substance
- Status: WI Supreme Court denied review; Court of Appeals decision stands

# Litigation – Corporate & Franchise Tax Cases

*LFTD Partners Inc. v. DOR* (WTAC, August 21, 2026) – WTB 235:

- Manufacturing income/franchise tax credit not eligible for taxable years in which the taxpayer was not classified as manufacturing.
- Status: Taxpayer has not appealed

# Litigation – Sales & Use Tax Cases

*STUBHUB v. DOR* (Court of Appeals, Jan 13, 2026) – WTB 232:

- Court reversed Circuit Court; StubHub is a "person selling" subject to WI sales tax
- Marketplace provider law was clarification, not substantive change
- Status: Wisconsin Supreme Court denied StubHub's petition for review (September 2026)

*TEKTON v. DOR* (WTAC, Apr 23, 2026) – WTB 234:

- Michigan online hand tools seller assessed WI sales tax back to Oct 1, 2018 (post-Wayfair)
- Exceeded $100K in WI sales each year; nexus established
- Status: Taxpayer did not appeal

# General Updates & Reminders

# Other Income & Franchise Tax Reminders

- Entity-level tax election due dates:
  - Partnerships - September 15, 2027
  - S-Corporations - October 15, 2027
  - Approximately 8% of returns make the election to pay tax at the entity level.
- Pass-through withholding exemption requests (Form PW-2)
  - A nonresident partner, member, shareholder, or beneficiary of a pass-through entity may request an exemption from withholding. File Form PW-2 electronically through My Tax Account.
  - Nonresidents must make request by the end of the 1st month following close of the entity's tax year (last day of 2nd month for estates and trusts).
  - Request must by approved by DOR. Nonresident notifies its pass-through entity(s).

# Other Income & Franchise Tax Reminders

- Veterans/surviving spouses property tax credit:
  - If certification for eligibility ended, must obtain recertification through WDVA
- Qualified Wisconsin Business (QWIB) capital gain exclusion or deferral program:
  - A business may register as a QWIB for its investors to obtain tax benefits
  - Registration must occur by the end of each year; registration deadline for 2026 is January 4, 2027
  - See Schedule QI, *Sale of Investment in a Qualified Wisconsin Business,* and instructions

# Key Due Dates for 2026 Calendar Year-End Returns

| Form | Description | Due Date | Extended Date |
|---|---|---|---|
| Form 1 | Individual Income Tax | April 15, 2027 | October 15, 2027 |
| Form 2 | Trust/Estate | April 15, 2027 | September 30, 2027 |
| Form 3 | Partnership | March 15, 2027 | September 15, 2027 |
| Form 4/6 | Corporation | April 15, 2027 | November 15, 2027 |
| Form 5S | S-Corporation | March 15, 2027 | October 15, 2027 |

# Reporting Reminders

- Wisconsin Identity Protection PIN available through MTA (voluntary)
- No changes to Wisconsin withholding rates
- File Form WT-7 only after all Forms WT-6 are submitted
- New Form 1099 submission via IRIS A2A schema (up to 100 MB)
  - DOR will support IRS FIRE (Publication 1220) 1099 submissions until September 30, 2027
  - DOR will not accept IRIS .csv files

# Filing & Payment Reminders

- USPS postmark delays – regional processing may add 1+ days
- Three options: file electronically, mail early, or visit USPS retail for manual postmark
- Electronic filing options: WisTax, My Tax Account (MTA), approved third-party software
- Most returns processed within 12 weeks; refunds held until March 1 if W-2s not submitted
- Claiming Extensions:
  - File returns by extended due date; late filing fees apply after that date
  - Extension to file ≠ extension to pay; interest accrues from original due date

# Filing & Payment News

- New: Payment pre-notification may cause some payments to be held for up to 4 business days
- Three new MeF reject rules; returns will be rejected if they claim any of the following:
  - Film production services or film production company investment credit without Schedule FP
  - Additional employer-provided child care credit without Schedule WI-8882
  - Rail infrastructure modernization or rail infrastructure maintenance credit without Schedule RR

# Cybersecurity for Tax Practitioners

- Data breaches targeting tax professionals continue to rise
- Warning signs: unrecognized IP addresses, rejected returns (duplicate SSNs), suspicious emails
- Safeguards: anti-malware/anti-virus, firewalls, VPNs, multi-factor authentication, encryption
- Limit access to taxpayer data; train staff on phishing
- Regularly review IRS e-Services accounts for EFIN discrepancies
- Final review of return information before e-filing
- Regularly review who has access to your accounts in My Tax Account and encourage clients to do the same

# New Options for Taxpayers

- New online business tax registration coming spring 2027
  - Rebranded to "permitting"
  - My Tax Account profile required prior to registering for tax account types (permits)
  - Cart system
    - ✓ Add each permit type, then "check out" and pay for all at one time
  - The "bill me later" option will be removed
- Pay-by-phone automated line coming soon (for collections customers only)
- Identity verification PIN automated phone line now available
- MTA: Send invitations to third parties

# Forms Removed from Website

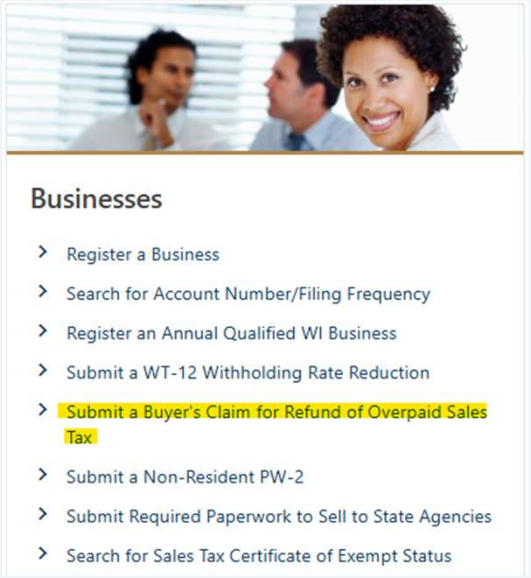
- Income tax forms prior to 2022 no longer available on our website
- Goals:
  - Improve search functionality
  - Ensure all web content is ADA compliant
- Contact customer service to receive removed files via mail or email
  - DORFormsRequests@wisconsin.gov
  - (608) 266-2772
  - Hours: Monday – Friday, 7:45 a.m. – 4:30 p.m.

# My Tax Account (MTA) Reminders

- Use MTA to submit documents in response to letters (available for most letters)
  - Provide multi-page documents as one PDF
- My Case Manager is available to help you and your clients make the audit process smoother; see resources below to learn more
  - Publication 701, *My Case Manager User Guide*:
  - My Case Manager Common Questions
  - Audit Web Page
- Estimated payment lookup available from MTA homepage

# My Tax Account (MTA) Reminders

- Sales tax paid in error (buyer's claim for refund)
  - Avoid paper claims with CDs and/or flash drives
  - File a buyer's claim for refund via MTA (businesses panel): https://tap.revenue.wi.gov/Buyer
    - Review Publication 216 (part IV) and common questions for help
    - Attach/upload invoices, proof of payment, and list of purchases
    - If files are too large, use DOR's Secure File Transfer process - contact dorstoa@wisconsin.gov to set up Workspace



# Audit Tips and Reminders

- Prioritizing closure of long running audits
- Increasing efficiency in the audit process
  - Provide IT resources in initial meetings with auditors to identify requested electronic records
  - Provide requested records timely
  - DOR trains staff to write clear, detailed descriptions of records requested
- Uncertain tax position
  - Have documents ready for the auditor to support tax position
- DOR uses information received from the IRS and third parties to adjust taxpayers' Wisconsin returns
  - Taxpayers should appeal with supporting documentation if they receive an audit bill and disagree
  - Appeals must be submitted within **60 days**, or the audit bill becomes final

# Statistics and Contact Information

# ID Verification

| | FY26 | FY25 | FY24 | FY23 |
|---|---|---|---|---|
| Returns Evaluated | 3,196,731 | 3,186,562 | 3,164,804 | 3,157,506 |
| Quizzes Required | 1,949 | 1,730 | 3,463 | 3,671 |
| PINs Required | 33,505 | 31,836 | 57,304 | 52,135 |
| ID Docs Required | 2,975 | 3,305 | 5,030 | 4,829 |
| ID Docs Reviewed | 4,452 | 5,521 | 6,758 | 6,306 |
| Total ID Verification Actions Required | 38,429 | 36,871 | 65,797 | 60,635 |
| % of Returns Evaluated Requiring ID Verification | 1.2% | 1.16% | 2.08% | 1.92% |
| Refunds Denied for Failure to Verify ID | 11,331 | 9,885 | 26,030 | 23,896 |

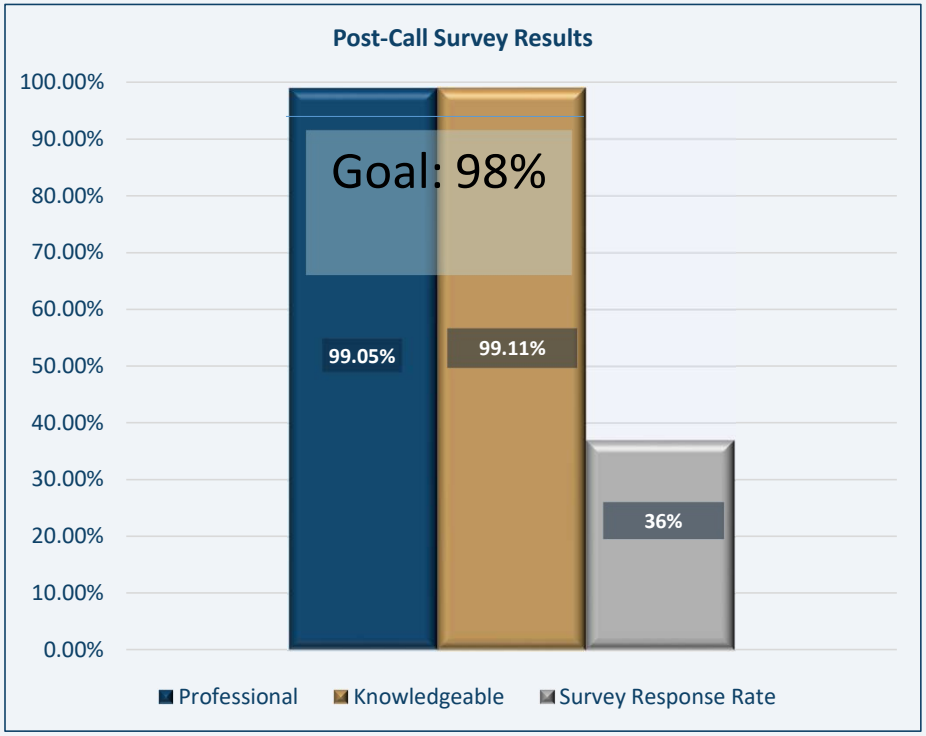
# Refunds Denied or Reduced

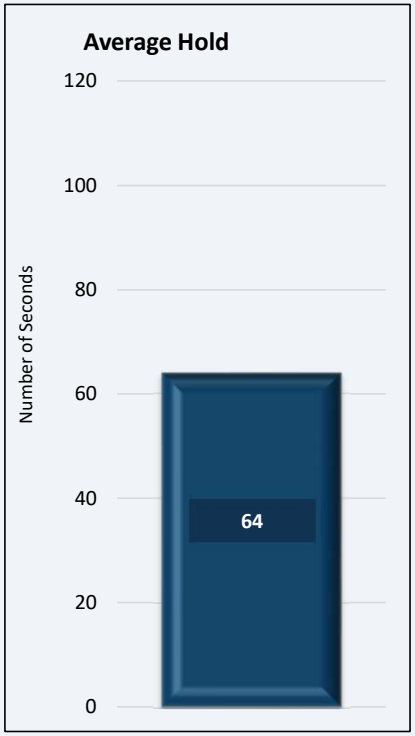
| Refunds Denied or Reduced | Fraud Detection With Analytics | Processing Fraud - OCI | Processing Fraud - Tax Ops | Earned Income Credit | Homestead Credit | Total for Specific Initiatives |
|---|---|---|---|---|---|---|
| **FY26** | $7,123,616 | $13,122,232 | $7,627,355 | $23,441,377 | $13,458,520 | **$64,773,100** |
| **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 | $23,387,279 | $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** | $5,613,849 | $7,940,577 | $2,656,902 | $8,123,852 | $4,776,598 | **$29,111,778** |
| **FY19** | $8,595,686 | $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 | $8,195,222 | $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** |
| | | | | | | **$1,334,757,202** |

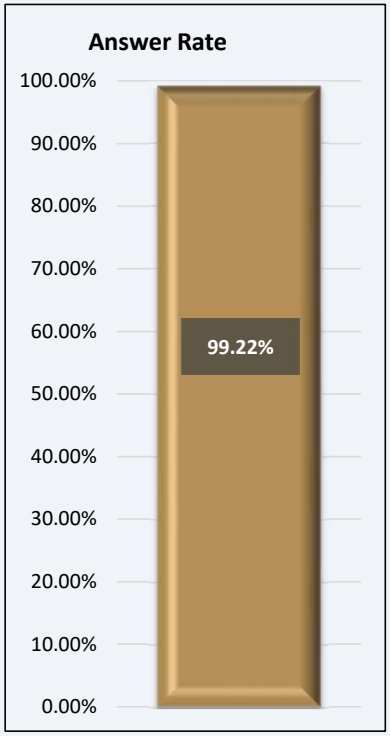
*FY23 OCI figure includes $279,946,028 from one fraudulent return

**FY24 OCI figure includes $220,179,828 from three fraudulent returns

# FY26 IS&E Division Phone Statistics

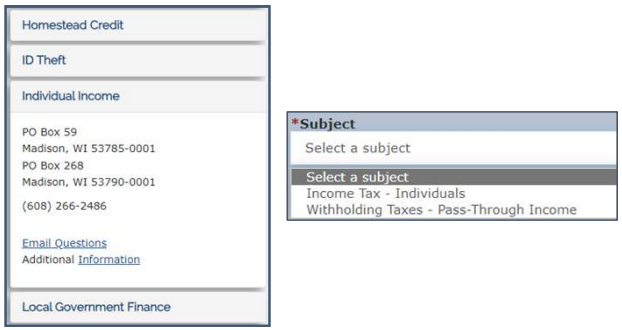


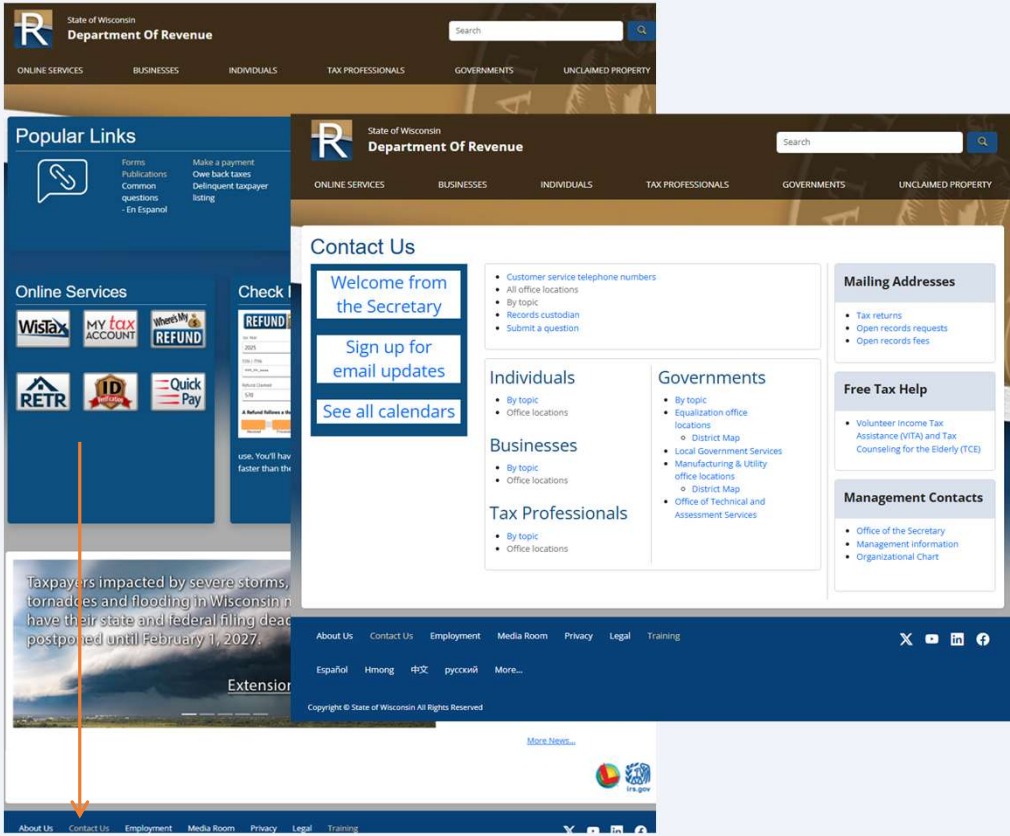



# Contact Us

- Visit the "Contact Us" page to find contact information for each area of DOR
- Use the "Submit a question" link to email DOR
- Choose "By topic" to see contact information for specific areas of DOR
    - Using this option rather than "submit a question" will also filter the subject list on the email screen



# Contact Us – Practitioners Only

- Practitioner email address and phone number
  - Do not share with your clients
  - DORTaxPractitioners@wisconsin.gov
  - (608) 261-5199

# Presenters

- Nate Weber
  - Director, Office of Technical Services
  - (608) 266-8025
  - Nathaniel.Weber@wisconsin.gov
- Amanda Mosel
  - Director, Customer Service Bureau
  - (608) 266-1653
  - Amanda.Mosel@wisconsin.gov

# Thank you!

Questions?