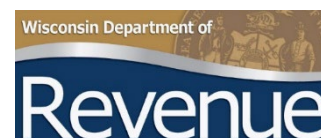


Wisconsin Tax Bulletin

July 2025 Number 230



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New Tax Laws

A. Individual and Fiduciary Income Taxes

1. Expansion of Second Tax Bracket for Individuals and Fiduciaries

([2025 Wis. Act 15](#), amend secs. 71.06(1q)(intro.), (2)(i)(intro.) and (j)(intro.), (2e)(a), (b), and (c), (2m), and (2s)(d), and 71.125(2), and create sec. 71.06(1r), (2)(k) and (L), and (2e)(bm), effective for taxable years beginning after December 31, 2024)

The Act increases the income threshold at which the second tax bracket ends and the third tax bracket begins. Income within the second bracket is taxed at a marginal rate of 4.4%. The new income thresholds for the second bracket are as follows:

- 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)

The Act also codified the first, third, and fourth tax bracket thresholds for 2025 and changed 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.

The [2025 Form 1-ES instructions](#) have been updated to account for the changes made by the Act.

2. New Retirement Income Subtraction

([2025 Wis. Act 15](#), amend secs. 71.05(1)(am) and (an), (6)(b)4.(intro.) and 54.(intro.), and 71.83(1)(a)6., and create sec. 71.05(6)(b)54m. and 54mn., effective for taxable years beginning after December 31, 2024)

The Act creates a new subtraction modification for retirement income. Taxpayers 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. 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. 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.

For part-year residents of Wisconsin, the \$24,000 and \$48,000 limits must be prorated by the ratio of Wisconsin adjusted income to federal adjusted gross income. Nonresidents are not eligible to claim this subtraction.

Note: Taxpayers who claim this subtraction on their Wisconsin income tax return may *not* claim any Wisconsin tax credit listed under sec. [71.10\(4\)](#), Wis. Stats., for that taxable year.

3. Increased Subtraction for Adoption Expenses

([2025 Wis. Act 15](#), renumber sec. 71.05(6)(b)22. to sec. 71.05(6)(b)22.a., and amend as renumbered, and create sec. 71.05(6)(b)22.b., effective for taxable years beginning after December 31, 2024)

The Act increases the maximum subtraction for qualified adoption expenses from \$5,000 to \$15,000 for each child.

4. Film Production Services Credit

See Item B. 1.

5. Film Production Company Investment Credit

See Item B. 2.

B. Corporation Franchise and Income Taxes

1. Film Production Services Credit

([2025 Wis. Act 15](#), amend secs. 71.05(6)(a)15., 71.10(4)(i), 71.21(4)(a), 71.26(2)(a)4., 71.30(3)(f), 71.34(1k)(g), 71.45(2)(a)10., and 71.49(1)(f), and create secs. 13.94(1)(zm), 15.448, 20.835(2)(bm), 41.152, 71.07(5f), 71.10(4)(ft), 71.28(5f), 71.30(3)(eps), 71.47(5f), and 71.49(1)(eps), effective for taxable years beginning after December 31, 2025).

The Act creates a credit for film production companies who produce a film, video, broadcast, advertisement, or television production in Wisconsin. The credit is equal to any of the following amounts:

- 30 percent of the salary or wages paid by the claimant to the claimant's employees in the taxable year for services rendered in Wisconsin to produce an accredited production and paid to employees who were residents of Wisconsin at the time that they were paid. The salaries and wages may not be used to claim multiple credits. This portion of the credit is nonrefundable.
- 30 percent of the production expenditures paid by the claimant in the taxable year to produce an accredited production. This portion of the credit is refundable.
- An amount equal to the sales and use taxes imposed under secs. [77.52](#) and [77.53](#), Wis. Stats., that the claimant 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, including all stages from the final script stage to the distribution of the finished production. The sales and use taxes paid may not be used to claim multiple credits. This portion of the credit is nonrefundable.

Definitions

"Accredited production" means a film, video, broadcast advertisement, or television production, as approved by the State Film Office, for which the aggregate salary and wages included in the cost of the production for the period ending 12 months after the month in which the principal filming or taping of the production begins exceeds \$100,000 for a production that is 30 minutes or longer or \$50,000 for a production that is less than 30 minutes. "Accredited production" includes a scripted, unscripted, reality, or competition production, but does not include any of the following, regardless of the production costs:

- News, current events, or public programming or a program that includes weather or market reports.
- A talk show.
- A sports event or sports activity.

- A gala presentation or awards show.
- A finished production that solicits funds.
- A production for which the production company is required under 18 USC 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program.
- A production produced primarily for industrial, corporate, or institutional purposes.

"Claimant" means a film production company that operates an accredited production in Wisconsin, if the company owns the copyright in the accredited production or has contracted directly with the copyright owner or a person acting on the owner's behalf and if the company has a viable plan, as determined by the State Film Office, for the commercial distribution of the finished production.

"Commercial domicile" means the location from which a trade or business is principally managed and directed, based on any factors the State Film Office determines are appropriate, including the location where the greatest number of employees of the trade or business work, the trade or business has its office or base of operations, or from which the employees are directed or controlled.

"Production expenditures" means any expenditures that are incurred in Wisconsin and directly used to produce an accredited production, including expenditures for writing, budgeting, casting, location scouts, set construction and operation, wardrobes, makeup, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar pre-production, production, and post-production expenditure as determined by the State Film Office. "Production expenditures" includes expenditures for music that is performed, composed, or recorded by a musician who is a resident of Wisconsin or published or distributed by an entity that has its commercial domicile in Wisconsin; air travel that is purchased from a travel agency or company that has its commercial domicile in Wisconsin; and insurance that is purchased from an insurance agency or company that has its commercial domicile in Wisconsin. "Production expenditures" does not include salary or wages or expenditures for the marketing and distribution of an accredited production.

Limitations

No amount of the salary or wages paid may be used for the credit unless the salary or wages are paid for services rendered after December 31, 2025, and directly incurred to produce the accredited production.

The total amount of the credits that may be claimed by a claimant shall not exceed an amount equal to the first \$250,000 of salary or wages paid to each of the claimant's employees in the taxable year, not including the salary or wages paid to the claimant's two highest-paid employees, in the taxable year, if the claimant's budgeted production expenditures are \$1,000,000 or more.

No credit may be allowed unless the claimant files an application with the State Film Office, at the time and in the manner prescribed by the office, and the office approves the application. The claimant shall submit a copy of the approved application with the claimant's income tax return.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit, but the eligibility for, and the amount of, the credit are based on their payment of costs. A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest.

Administration

In the case of a change in ownership or business of a corporation, sec. 383, IRC, applies to the carry-over of unused credits.

If a nonrefundable credit computed is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 15 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

The department has full power to administer this credit and may take any action, conduct any proceeding and proceed as it is authorized in respect to income and franchise taxes imposed. The income and franchise tax provisions relating to assessments, refunds, appeals, collection, interest, and penalties apply to this credit.

The credit must be claimed within four years of the unextended due date on which the tax return was due.

Any person, including a nonprofit entity described in sec. 501(c)(3) of the Internal Revenue Code, may sell or otherwise transfer a nonrefundable credit, in whole or in part, to another person who is subject to the taxes imposed under secs. 71.02, 71.23, or 71.43, Wis. Stats., if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit. The transferee may first use the credit to offset tax of the transferor in the taxable year in which the transfer occurs and may use the credit only to offset tax in taxable years in which the credit is otherwise allowed to be claimed and carried forward by the original claimant.

No interest is paid on refunds.

State Film Office

The Act creates a State Film Office in the Department of Tourism to accredit productions and certify expenses for claiming tax credits.

Application for accreditation or certification shall be made to the office in each taxable year for which accreditation or certification is desired.

If the State Film Office accredits a production, the office shall determine the amount of the production's production expenditures. The office shall not issue an accreditation or certification without first receiving written confirmation from the applicant that the applicant has retained a Certified Public Accountant located in Wisconsin to conduct periodic audits to ensure compliance as prescribed by rule by the office. An entity applying for a tax credit that does not have its commercial domicile in Wisconsin shall indicate that on its application along with the amount of production expenditures it anticipates spending in Wisconsin and the amount of expenditures, if any, it anticipates spending in another state on the same production.

The State Film Office shall notify the department of every production accredited, the amount of the production's production expenditures, every certification issued, and the amount of the tax credits allocated to the applicant for the taxable year for which the applicant's claim relates. The State Film Office shall notify the department no later than 30 days after allocating tax credits to an applicant.

The office may not allocate more than \$5,000,000 in film production services and film production company investment tax credits in each fiscal year and no more than \$1,000,000 in tax credits to any single applicant in each fiscal year.

Each applicant who produces an accredited production that is eligible for a tax credit shall include in the finished production an acknowledgment to the state of Wisconsin and the State Film Office as designed by the State Film Office, including a logo designed by the State Film Office.

Annually, beginning in 2027, the State Film Office shall prepare a report specifying the number of persons who submitted tax credit applications in the previous year and the amount of the tax credits allocated to each applicant. The report shall also provide recommendations and suggestions on improving the efficiency of the program. The office shall submit the report to the legislature no later than April 30 each year.

The State Film Office shall promulgate rules to administer the accreditation.

2. Film Production Company Investment Credit

([2025 Wis. Act 15](#), amend secs. 71.05(6)(a)15., 71.21(4)(a), 71.26(2)(a)4., 71.34(1k)(g), and 71.45(2)(a)10., and create secs. 13.94(1)(zm), 15.448, 20.835(2)(bm), 41.152, 71.07(5h), 71.10(4)(fs), 71.28(5h), 71.30(3)(epr), 71.47(5h), and 71.49(1)(epr), effective for taxable years beginning after December 31, 2025).

The Act creates a credit for film production companies who produce a film, video, broadcast, advertisement, or television production in Wisconsin. The credit is available for the first three taxable years that the claimant is doing business in Wisconsin as a film production company. The credit is 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.

Definitions

"Claimant" means a person who files a claim and who does business in Wisconsin as a film production company.

"Film production company" means an entity that creates films, videos, broadcast advertisement, or television productions. It does not include the following productions: news, current events, public programming, a program that includes weather or market reports, talk show, sports event or sports activity, gala presentation or awards show, finished production that solicits funds, production for which the production company is required under 18 USC 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program, and a production produced primarily for industrial, corporate, or institutional purposes.

"Physical work" does not include preliminary activities such as planning, designing, securing financing, researching, developing specifications, or stabilizing property to prevent deterioration.

"Previously owned property" means real property that the claimant or a related person owned during the two years prior to doing business in Wisconsin as a film production company and for which the claimant may not deduct a loss from the sale of the property to, or an exchange of the property with, the related person under sec. 267 of the Internal Revenue Code (IRC).

"Used exclusively" means used to the exclusion of all other uses except for other use not exceeding five percent of total use.

Limitations

A claimant may claim the credit if the tangible personal property is purchased after December 31, 2025, and the personal property is used exclusively in the claimant's business as a film production company.

A claimant may claim the credit for an amount expended to construct, rehabilitate, remodel, or repair real property, if the claimant began the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, after December 31, 2025, or if the completed project is placed in service after December 31, 2025.

A claimant may claim the credit for an amount expended to acquire real property, if the property is not previously owned property and if the claimant acquires the property after December 31, 2025, or if the completed project is placed in service after December 31, 2025.

No claim may be allowed unless the State Film Office certifies in writing that the credits claimed are for expenses related to establishing a film production company in Wisconsin and the claimant submits a copy of the certification with the claimant's return.

No credit may be allowed for any amount that the claimant paid for expenses that were used to claim the film production services credit.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit, but the eligibility for, and the amount of, the credit are based on their payment of costs. A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Administration

In the case of a change in ownership or business of a corporation, sec. 383, IRC, applies to the carry-over of unused credits.

If a credit computed is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 15 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

The department has full power to administer this credit and may take any action, conduct any proceeding and proceed as it is authorized in respect to income and franchise taxes imposed. The income and franchise tax provisions relating to assessments, refunds, appeals, collection, interest, and penalties apply to this credit.

The credit must be claimed within four years of the unextended due date on which the tax return was due.

Any person, including a nonprofit entity described in sec. 501(c)(3), IRC, may sell or otherwise transfer a credit, in whole or in part, to another person who is subject to the taxes imposed under

secs. [71.02](#), [71.23](#), or [71.43](#), Wis. Stats., if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit. The transferee may first use the credit to offset tax of the transferor in the taxable year in which the transfer occurs and may use the credit only to offset tax in taxable years in which the credit is otherwise allowed to be claimed and carried forward by the original claimant.

No interest is paid on refunds.

The provisions under B. 1. above relating to the State Film Office also apply to the film production company investment credit.

C. Sales and Use Taxes

1. Elimination of Sales and Use Tax on Household Utilities

([2025 Wis. Act 15](#), amend sec. 77.54(30)(a)2., effective October 1, 2025)

Under current law, electricity and natural gas sold during the months of November, December, January, February, March, and April for residential use is exempt from Wisconsin sales and use tax.

Effective October 1, 2025, electricity and natural gas sold for residential use is exempt from Wisconsin sales and use tax regardless of when it is sold. For purposes of this exemption, electricity or natural gas is considered sold at the time of billing. If the billing is by mail, the time of billing is the day on which the billing is mailed.

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.

2. Exemption Created for Certain Information Products Used by an Insurance Company

([2025 Wis. Act 15](#), create sec. 77.54(75), effective October 1, 2025)

The Act creates a sales and use tax exemption for the sale of and the storage, use, or other consumption of information products containing reports, statistics, records, or other data used exclusively by an insurance company possessing a certificate of authority issued by the commissioner of insurance whether purchased by the insurance company or an affiliate, as defined in sec. [600.03\(1\)](#), Wis. Stats., or used exclusively by an insurance intermediary licensed by or subject to the jurisdiction of the commissioner of insurance, for purposes of quoting, underwriting, determining insurability, assessing risks, setting rates, or adjusting claims. The exemption applies regardless of whether the information products are transferred in tangible or digital form, and regardless of whether the charges for such products are made on a transaction basis or through a license, subscription, or similar fee for access to the products.

To claim the exemption, a purchaser must provide its vendor with a fully completed Wisconsin sales and use tax exemption certificates for purchases on or after October 1, 2025. One of the following exemption certificates may be used:

- [Form S-211](#), *Wisconsin Sales and Use Tax Exemption Certificate*: Check the box for "other exemptions provided by law" and enter "Information Products Used by an Insurance Company."

- [S-211E](#), *Electronic Wisconsin Sales and Use Tax Exemption Certificate*: Check the box for "Information Products Used by an Insurance Company."

3. Exception for Adoption of a Premier Resort Area

([2025 Wis. Act 15](#), create secs. 66.0602(2m)(c) and 66.1113(2)(k), and amend sec. 66.1113(2)(a) and (b), effective January 1, 2026)

The Act authorizes a political subdivision with a population of not less than 4,000 and not more than 11,000 to enact an ordinance or adopt a resolution declaring itself to be a premier resort area, even if less than 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers, if the action is approved by a majority of the electors in the political subdivision voting on the resolution at a referendum held prior to June 1, 2025.

A political subdivision that acts under sec. 66.1113(2)(k), Wis. Stats., to impose a tax under secs. 66.1113(2) and 77.994, Wis. Stats., 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 reductions made.

D. Excise Taxes

1. Modification to the Electronic Vaping Device Directory

([2025 Wis. Act 15](#), amend sec. 995.15(2)(intro.), (4), and (9)(a) and (b), and create sec. 995.15(2)(c), (2m), and (9)(d), effective July 4, 2025)

Under current law, a manufacturer of an electronic vaping device must, no later than July 1, 2025, annually certify to the department that their electronic vaping device complies with the directory provisions in sec. 995.15, Wis. Stats. The department must, no later than September 1, 2025, publish on its website the list of devices in the directory. An electronic vaping device may not be sold or offered for sale in Wisconsin if the device is not listed in the directory.

The Act makes the following changes to the directory for an electronic vaping device that contains hemp and not nicotine (hemp device):

- The manufacturer of the hemp device must certify to the department no later than July 1, 2026, and annually thereafter.
- The manufacturer of the hemp device must submit a certificate of analysis from an independent laboratory showing that the electronic vaping device contains hemp, within the meaning in sec. [94.55\(1\)](#), Wis. Stats., and does not contain nicotine.
- The manufacturer of the hemp device does not need to submit evidence that the hemp device has marketing authorization from the U.S. Food and Drug Administration or that the manufacturer submitted a pre-market tobacco product application to the U.S. Food and Drug Administration which remains pending.
- Before September 1, 2026, the department may not impose the \$1,000 forfeiture (per day for each device) on manufacturers and retailers that sell or offer for sale a hemp device not listed on the directory.

Electronic vaping device directory information, including the list of certified devices, can be found on the department's [Cigarette, Tobacco, and Vapor Products](#) webpage.

Income and Franchise Tax Updates and Reminders

Reminder: Due Date for Partnerships and Tax-Option (S) Corporations Making the Entity-Level Tax Election

An election for partnerships and tax-option (S) corporations to pay tax at the entity level, including any revocation of an election, must be made for each taxable year by the extended due date of the entity's income or franchise tax return.

The extended due date of a 2024 [Form 3](#), *Wisconsin Partnership Return*, for a calendar-year partnership is September 15, 2025, and the extended due date of a 2024 [Form 5S](#), *Wisconsin Tax-Option (S) Corporation Franchise or Income Tax Return*, for a calendar-year tax-option (S) corporation is October 15, 2025.

For additional information on making the entity-level tax election, see the following:

- Article titled *Election to Pay Tax at Entity Level for Tax-Option (S) Corporations and Partnerships*, on pages 2 and 3 of [Wisconsin Tax Bulletin 204](#) (January 2019)
- [Pass-Through Entity-Level Tax: Partnerships](#) common questions
- [Pass-Through Entity-Level Tax: Tax-Option \(S\) Corporation](#) common questions

2023 Tax Year

(Statistics as of June 19, 2025)

Tax-Option (S) Corporations (Form 5S) Filing Stats

Tax-Option (S) Corporation returns filed	90,106
Tax-Option (S) Corporation entity-level tax elections filed	9,122
Percent of entity-level tax elections filed	10.12%

Partnership (Form 3) Filing Stats

Partnership returns filed	89,288
Partnership entity-level tax elections filed	4,304
Percent of entity-level tax elections filed	4.82%

Pass-Through Entity Filing Stats – TOTAL

Pass-Through entity returns filed	179,394
Entity-level tax elections filed	13,426
Percent of entity-level tax elections filed	7.48%

Most Commonly Used Wisconsin Franchise and Income Tax Credits

Wisconsin tax law provides a wide variety of franchise and income tax credits. For an extensive list and additional information, see article titled *Reporting Certain Franchise/Income Tax Credits As Income*, on pages 3 and 4 of [Wisconsin Tax Bulletin 205](#) (April 2019), and the [Interactive Incentive Finder](#).

Below are statistics of the most commonly used credits by corporations for tax year 2022 and individuals for tax year 2023.

Commonly Used Corporate Franchise/Income Tax Credits, Tax Year 2022 (Statistics as of June 12, 2025)				
Corporate Tax Credit	Number of Claimants Using Credit	Amount of Credit Used	Credit Available	Credit Carried Forward
Manufacturing credit	515	\$148,764,285	\$354,195,070	\$205,430,785
Enterprise zone jobs credit	15	\$65,423,550	Refundable	
Nonrefundable research expense credit	469	\$63,772,603	\$689,659,890	\$625,887,287
Refundable research expense credit	603	\$20,384,485	Refundable	
Historic rehabilitation credit	7	\$17,306,335	\$38,719,286	\$21,412,951
Business development credit	31	\$15,343,909	Refundable	
Manufacturing investment credit	34	\$6,205,106	\$46,787,000	\$40,581,894
Internal combustion engines research credit	68	\$5,554,061	\$133,001,077	\$127,447,016
Agriculture Credit	142	\$5,414,130	\$10,946,958	\$5,532,828

Commonly Used Individual Franchise/Income Tax Credits, Tax Year 2023 (Statistics as of June 12, 2025)				
Individual Income Tax Credits	Number of Claimants Using Credit	Amount of Credit Used	Credit Available	Credit Carried Forward
School property tax credit	2,049,274	\$454,939,159	\$527,744,752	No carryforward
Taxes paid to other states credit	80,111	\$381,513,641	\$397,865,725	No carryforward
Manufacturing credit	8,873	\$331,665,979	\$688,908,015	\$357,242,036
Itemized deduction credit	584,238	\$296,036,590	\$615,072,765	No carryforward
Married couple credit	629,061	\$259,252,399	\$263,743,844	No carryforward
Earned income credit	193,799	\$87,723,239	Refundable	
Veterans and surviving spouses property tax credit	15,660	\$57,928,139	Refundable	
Homestead credit	80,049	\$38,160,656	Refundable	
Agriculture credit	12,424	\$31,181,921	\$121,080,334	\$89,898,413
Additional child and dependent care credit	98,537	\$27,786,297	\$28,539,886	No carryforward

Sales and Use Tax Updates and Reminders

Are Tariff Charges Included in Taxable Sales and Purchase Price?

This article is an update to the article published in [Wisconsin Tax Bulletin 205](#) (April 2019).

Tariffs are imposed on the importer when goods are imported. Many importers include tariffs in the amount charged for the product. With the recent tariff changes, some importers may pass the tariff on to their customers as a separate line item on the invoice or receipt.

Importer resells product

Tariffs imposed on an importer and passed from the importer to a consumer are part of the importer's sales price of their product. If the sale of the product is subject to sales or use tax, the entire sales price of the product, including any separate charge for the tariff, is subject to sales or use tax. Listing the tariff separately on the importer's sales invoice or billing the consumer separately for the tariff does not change the tax treatment. If the importer does not collect sales or use tax on its sales price, the consumer is liable for use tax on the purchase price, which includes any charge for the tariff the importer collected from the consumer.

Importer is the consumer

If a consumer purchases and imports a product and is liable for paying the tariff to the customs authority, the tariff paid by the importer (the consumer) directly or indirectly to the customs authority is not subject to sales or use tax. The consumer is liable for the applicable use tax on their purchase price of the product, which does not include the tariff the consumer paid directly or indirectly to the customs authority.

Sales of Propane for Residential Use

Q. *When I sell propane to a customer for residential use, do I need to get a Wisconsin sales and use tax exemption certificate from the customer?*

A. If **100%** of the propane sold to a customer in Wisconsin is for use in the person's permanent residence or for farm use, an exemption certificate is not required. However, the seller must maintain adequate records to identify which sales are exempt.

If for any reason the propane is not 100% exempt from Wisconsin sales and use tax, the customer must complete an exemption certificate and provide it to the seller.

Note: Manufacturers who claim some or all of their propane is exempt from Wisconsin sales and use tax must provide the seller an exemption certificate.

Q. *What is considered an adequate record when a customer indicates 100% of the propane purchased is for residential use?*

A. Acceptable adequate records include asking each customer if the propane purchased is for use in their permanent residence and doing one of the following:

- Recording that the sale of the propane is for residential use on the invoice;
- Pushing a certain register key that keeps a record indicating that the sale of the propane is for residential use; or

- Noting on the customer's credit application that the customer states the propane is for use in their permanent residence

Examples of propane that is for residential use in a person's permanent residence (exempt from Wisconsin sales and use tax):

- An attached garage, regardless of whether there is a separate tank or meter
- An unattached garage, regardless of whether there is a separate tank or meter
- A backyard swimming pool
- A gas grill
- Outdoor gas lights and lamps
- A whirlpool or sauna
- A space heater

Examples of propane that is not for residential use (subject to Wisconsin sales or use tax):

- A gas grill at a campground
- A recreational vehicle
- A pool at a health club
- A garage where a trade or business is carried on (e.g., garage at a residence that is used to conduct the resident's business of small engine repair)

Below are examples of propane sales.

Example 1 – A propane supplier delivers 1000 gallons of propane gas to a tank that is installed at an individual's permanent residence. At the time the individual signed up to have propane delivered, the individual completed a credit application with the propane supplier and indicated on the application that the propane delivered to the individual's tank would be for residential use and that the structure served by the propane tank is the individual's permanent residence. The propane supplier is not required to obtain an exemption certificate from the individual since they have received information from the individual indicating that all of the propane delivered to the individual's propane tank was for residential use and that the location served by the tank into which the propane was delivered is the individual's permanent residence.

Example 2 – Same as Example 1, except when the individual completed the credit application with the propane supplier, the individual indicated that the location served by the tank into which the propane was delivered was a secondary home, as opposed to the individual's permanent residence. The sale of propane to the individual in this example is subject to Wisconsin sales tax since it was not used in the individual's permanent residence.

Example 3 – A propane supplier sells 20-, 30-, and 100-pound propane gas cylinders. In some cases, the customer picks up the cylinders at propane supplier's location, and in other situations the propane supplier delivers the cylinders to the customer. If 100% of the propane contained in a cylinder is for use in a person's permanent residence and the propane supplier has sales records to prove this, the propane supplier is not required to obtain an exemption certificate to make these sales without charging the customer Wisconsin sales or use tax. However, if the propane supplier does not have adequate records to prove that each sale of propane is 100% for residential use in a person's permanent residence, the propane supplier should charge the appropriate Wisconsin sales tax on these sales.

Premier Resort Area Tax – Do You Have a Reporting Requirement?

Certain types of sellers, regardless of whether they are located in a premier resort area, must remit premier resort area tax to the department if they make taxable sales to purchasers located in a premier resort area. The types of sellers required to register and report the tax are listed in the [Premier Resort Area Tax](#) common questions.

Current premier resort areas include:

- City of Bayfield
- City of Eagle River
- City of Rhinelander
- City of Wisconsin Dells
- Village of Ephraim
- Village of Lake Delton
- Village of Sister Bay
- Village of Stockholm

You can use the department's [Wisconsin State and Local Sales Tax Rate Lookup](#) to determine if the location where the purchaser takes possession of the product or service is in a premier resort area.

For more information, see [Wisconsin Tax Bulletin 216](#) (January 2022).

Wisconsin/Minnesota Sales and Use Tax Seminars

The Wisconsin and Minnesota Departments of Revenue are partnering to present sales and use tax seminars in the fall of 2025. The seminars include information on similarities and differences in the two states' sales and use tax laws.

Topics cover sales and use tax and are ideal for businesses that have operations in both Minnesota and Wisconsin.

You can find these seminars in Superior, Hudson, and Onalaska.

The specific dates, times, and locations of the seminars, as well as registration information, is available on the [Training](#) page of the department's website.

Updated Sales and Use Tax Publications

Several publications have been updated and posted on the department's website. The updated publications and important changes include:

- [Publication 209](#), *Sales and Use Tax Information for Wisconsin Counties and Municipalities*
 - Part 5: Updated for the increased standards for the nonprofit occasional sales exemption.
 - Part 7.D: Added information about the exemption for building materials sold to contractors for use in constructing certain facilities for certain exempt entities.
- [Publication 219](#), *Hotels, Motels, and Other Lodging Providers*
 - Parts 2.D. and 3.B.(4): Added information on marketplace providers.
 - Part 3.B.(26) Example 2: Updated for the current local exposition basic room tax rate.
- [Publication 225](#), *Barber and Beauty Shops*
 - Part 4: Updated for the increased threshold for the occasional sales exemption.

Excise Tax Updates and Reminders

Electric Vehicle Charging Excise Tax Returns Due July 31

Electric vehicle charging tax returns and payments are due by July 31, 2025, for the period January 1, 2025, through June 30, 2025.

The electric vehicle charging excise tax was effective January 1, 2025. The tax is imposed at the rate of 3 cents per kilowatt-hour on electricity delivered or placed into the battery or other energy storage device of an electric vehicle by:

- A Level 3 charger of an electric vehicle charging station
- A Level 1 or Level 2 charger installed on or after March 22, 2024, of an electric vehicle charging station.

The excise tax does not apply to the electricity delivered or placed by a charger of an electric vehicle charging station located at a residence or by a Level 1 or Level 2 charger installed prior to March 22, 2024.

Two appendices were added to [Publication 305](#), *Electric Vehicle Charging Tax Information*, to help determine if electricity delivered or placed by a Level 1, 2, or 3 charger is subject to the excise tax and/or sales and use tax.

See the previous articles in [Wisconsin Tax Bulletin 225](#) (April 2024), page 11, [Wisconsin Tax Bulletin 228](#) (January 2025), page 11, and [Wisconsin Tax Bulletin 229](#) (April 2025), page 8 for additional information.

Unclaimed Property Updates and Reminders

Holder Reporting Reminder: Attempt to Locate Owners

Under sec. [177.0501\(1\)](#), Wis. Stats., unclaimed property holders are required to make a good faith effort to locate owners of abandoned property. Holders must send notification letters to owners of properties valued at \$50 or more. Letters must include the information required under sec. [177.0502](#), Wis. Stats., and must be sent between July and September.

See Part 3 in [Publication 82](#), *Unclaimed Property Holder Report Guide*, for additional information on the holder reporting process, and Appendix 3 for a sample letter.

Report on Litigation

Summarized below are recent significant Wisconsin Tax Appeals Commission (Commission) and Wisconsin Court decisions.

Corporation Franchise and Income Tax

Intercompany Transactions – Valid Business Purpose and Economic Substance

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

See [Wisconsin Tax Bulletin 221](#) (April 2023), pages 10-12, for a summary of the Wisconsin Tax Appeals Commission's decision.

See [Wisconsin Tax Bulletin 225](#) (April 2024), pages 17-18, for a summary of the Dane County Circuit Court's decision.

The issue in the Commission's decision was 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*. The Commission upheld the department's adjustments based on the transactions lacking a valid business purpose other than tax avoidance and economic substance. Sketchers' appeal to the Court of Appeal contends that the Commission misapplied the sham transaction doctrine.

The Wisconsin Court of Appeals affirmed the circuit court's order upholding the Commission's decision because Skechers failed to show that the Commission erred in its application of the sham transaction doctrine.

The Petitioner has appealed to the Wisconsin Supreme Court.

Nexus – Foreign Corporation Selling Travel Services

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

The case came to the Court of Appeals as a cross appeal from an order of the circuit court for Dane County and addressed two issues.

The first issue was resolved by the Circuit Court in the taxpayer's favor. Did the Tax Appeals Commission (Commission) improperly disregard an affidavit given by the taxpayer's co-owner and vice president when finding that Public Law 86-272 did not exempt the taxpayer from Wisconsin Corporation Franchise and Income Tax? See [Wisconsin Tax Bulletin 218](#) (July 2022), pages 13-15, for a summary of the Tax Appeals Commission case.

The Court of Appeals concluded the "affidavit does nothing to negate the agreements" which "clearly stated the travel agents sell travel services on ASAP's behalf." The second issue was resolved by the Commission in favor of the department. Does Public Law 86-272 exempt the taxpayer from the state corporate income and franchise tax? The circuit court decision did not address this issue, rather they remanded the matter back to the Commission to consider the affidavit when arriving at the Public Law 86-272 question.

Public Law 86-272 applies only to the solicitation of sales of tangible personal property. Therefore, the Appeals Court needed to answer the question, is the taxpayer "in the business of selling tangible personal property and, therefore, eligible for protection from state tax under Public Law 86-272." To answer this question, the Appeals Court reviewed the agreements between the taxpayer and the travel agents and came to the same conclusion as the Commission. 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 ASAP is subject to Wisconsin's corporate income and franchise tax."

This is an unpublished per curiam opinion. The petitioner has appealed to the Wisconsin Supreme Court.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of July 31, 2025: chs. 66, 71, 77, 94, 177, 600, and 995, [Wis. Stats.](#), and chs. Tax 1, 2, 3, 10 and 11, [Wis. Adm. Code](#). 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.

Public Comments

The public may [submit comments on guidance documents](#) at any time.