

WITHHOLDING TAX  
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**What's New?**

- **My Tax Account update.** We continue to improve *My Tax Account* based on your feedback. New for 2016, *My Tax Account* allows you to key in 1099-MISCs and 1099-Rs (in addition to W-2s) when you file the annual reconciliation
- **New due date for filing with SSA.** The due date for filing Forms W-2 with the SSA is now January 31, 2017, whether you file using paper forms or electronically. Extensions of time to file Form W-2 with the SSA are no longer automatic. See [General Instructions for Form W-2](#) for additional information.
- **New due date for filing with IRS.** The due date for filing Forms 1099-MISC with the IRS is now January 31, 2017, when reporting nonemployee compensation payments in Box 7. See [General Instructions for Certain Information Returns](#).

**Withholding Tax Rates**

The current withholding tax rates will continue for 2017. These rates are available in [Publication W-166](#), *Wisconsin Employer's Withholding Tax Guide*, for payroll periods beginning on or after April 1, 2014.

**Reporting By Financial Institutions and Insurance Agencies**

All banks, credit unions, insurance agencies and other employers who withhold Wisconsin income tax from employee wages (W-2) and also from interest and dividends (1099-DIV, 1099-INT, etc.), or have a third party withhold on their behalf, must report the total amount withheld from wages, interest and dividends from all sources on the employer's reconciliation.

**Wage and Information Return Reporting Requirements**

In a continued effort to fight fraud, the department wants to ensure the information you file matches the information reported by the payee. Review and follow the requirements in this publication to submit wage statements and information returns for payments made in 2016.

Before filing, verify the payer's 15-digit withholding tax number, federal employer identification number and legal name using our account [look-up](#). Payroll service providers can use our [withholding data exchange](#) to verify client information in bulk.

Wage or information returns with incomplete or incorrect information will be rejected. Rejected returns must be corrected and resubmitted. Incorrect or incomplete returns filed on paper will not be returned. A letter will be sent asking for correction and resubmission of the corrected forms.

For more information on filing requirements, see Publication 117, *Guide to Wisconsin Wage and Information Returns*.

**Data Exchange Program**

The Department of Revenue offers payroll service providers the opportunity to verify certain data from their clients with a [data exchange program](#) over the internet. Payroll providers can use the withholding data exchange to inform the department of a new client and verify withholding tax account numbers and filing frequency information, including new filing frequency data for the upcoming year. Files are acted on as received. Results are returned the next business day.

## Filing Frequency Changes

Each year the department runs an annual scan process, which evaluates the amount of your deposits from the last year and adjusts your filing frequency accordingly. This process runs in November to determine your filing frequency for 2017 withholding tax deposits. If your filing frequency changes, we notify you in writing. A copy of this letter is available in *My Tax Account*.

## Single-Member LLCs – Are You Registered Correctly?

An LLC whose only member is a sole-proprietor is treated as a disregarded entity for income tax purposes (its activity is reported on Schedule C of the sole-proprietor's income tax return), unless an election is made to treat the LLC as a corporation.

For wages paid on or after January 1, 2009, a disregarded entity is considered an "employer" for federal and Wisconsin withholding tax purposes. As an "employer" a disregarded entity must obtain a Wisconsin withholding tax number using the LLC's legal name and federal employer identification number, rather than the sole-proprietor's name and taxpayer identification number, for reporting Wisconsin income tax withheld.

If you are not registered correctly and currently withhold Wisconsin income tax, you may need to reregister for a Wisconsin withholding tax number at <https://tap.revenue.wi.gov/btr>. You must use the correct legal name and identification number when you register and close your prior withholding account. If you have questions related to this process, please contact use at (608) 266-2776.

This treatment also applies to a disregarded entity withholding Wisconsin income tax that is owned by a corporation, partnership, or other business entity.

## Electronic Filing Reminder

You must file and pay your withholding deposit reports electronically if your deposits were \$300 or more in the prior year. The annual reconciliation must also be filed electronically. In addition, filers with 50 or more wage statements or 50 or more information returns must file such statements and returns electronically. If these requirements create an undue hardship, you may request an e-filing/e-payment waiver by completing Form EFT-102, *Electronic Filing or Electronic Payment Waiver Request*.

## Deposit Report (WT-6) Filing and Payment Options

Electronic filing options for withholding tax deposits:

- [My Tax Account](https://tap.revenue.wi.gov) – <https://tap.revenue.wi.gov>
- ACH Credit – through your financial institution
- File Transfer – DOR website
- Credit Card – through Official Payments 1-800-272-9829; use code 5800
- File by Telephone – call 608-261-5340 or 414-227-3895

Note – Annual filers do not file deposit reports.

## Annual Reconciliation (WT-7) Filing and Payment Options

Electronic filing options include:

- [My Tax Account](https://tap.revenue.wi.gov) – <https://tap.revenue.wi.gov>
- File Transfer – DOR website
- File by Telephone – call 608-261-5340 or 414-227-3895

**Important** – Report on the reconciliation W-2s and 1099s that are being filed as of January 31 (those that include "WI" in W-2 Box 15, 1099-MISC Box 17, 1099-R Box 13, W-2G Box 13). For Form 1099s that are furnished to payees after January 31 and before February 28, it is not necessary to amend the reconciliation unless there is withholding associated with the Form 1099s.

**Note** – If you close your withholding account before December 31, the reconciliation, wage statements and information returns with Wisconsin withholding are due within **30** days of the account cease date.

## Filing Wage and Information Returns

Failure to file wage statements and information returns with the Wisconsin Department of Revenue (DOR) by the due date, including any extension, or filing an incorrect or incomplete return is subject to a \$10 penalty for each statement or return. The penalty is imposed on the employer or payer, not the third-party filing on behalf of the employer or payer. The penalty may be waived if there is reasonable cause.

The 15-digit Wisconsin withholding tax number must be included on each wage and information return reportable to Wisconsin, including those reportable to Wisconsin with no Wisconsin withholding. If you did not withhold, were not required to withhold, and never held a Wisconsin withholding tax number, use 03688888888801.

**If you file 50 or more wage statements (Forms W-2) or 50 or more information returns (Forms W-2G, 1099-MISC, 1099-R), you must file electronically.** Filing options include:

- Key W-2s, [1099-MISCs and 1099-Rs NEW!](#) in *My Tax Account* when filing the annual reconciliation (WT-7).
- Transfer a PDF file (for W-2s) created at Social Security Administration website to [DOR](#).
- Transfer an EFW2 file (for W-2s) to [DOR](#).
- Transfer an IRS formatted file (for 1099-Rs, 1099-MISCs and W-2Gs) to [DOR](#).

**If you file fewer than 50 wage statements or fewer than 50 information returns**, we encourage you to file electronically using one of the methods above. You will receive a confirmation number. Otherwise, mail these statements and returns to Wisconsin Department of Revenue, PO Box 8920, Madison WI 53708-8920.

## Extensions

You may request an extension of 30 days for filing the annual reconciliation (WT-7). If an extension is granted, it also applies to corresponding wage statements and information returns.

### Wage Statement and Information Return Reporting Requirements

Required information	Send information	Required format for paper filers	Do not send
<ul style="list-style-type: none"> <li>• 15 digit Wisconsin withholding tax number. Those who did not withhold, are not required to withhold <b>and</b> never held a Wisconsin withholding tax number, must use 03688888888801.</li> <li>• Nine digit federal employer identification number (FEIN)</li> <li>• Legal name must match numbers above</li> <li>• Nine digit payee tax identification number</li> <li>• Wisconsin as top state (if possible)</li> </ul> <p><b>Before filing:</b></p> <ul style="list-style-type: none"> <li>• Register, if required, or make any name changes</li> <li>• Verify the first three items above using our <a href="#">account look-up</a></li> <li>• Payroll providers can use our <a href="#">withholding data exchange</a> to verify client information</li> </ul>	<p><b>Electronic</b></p> <ul style="list-style-type: none"> <li>• If you file 50 or more wage statements or information returns, you must file them electronically. See <a href="#">Publication 117</a> for "How to File."</li> </ul> <p><b>Paper</b></p> <ul style="list-style-type: none"> <li>• If you file less than 50, we encourage you to file electronically. Otherwise, mail them to the following address:</li> </ul> <p>Wisconsin Department of Revenue PO Box 8920 Madison WI 53708-8920</p> <p><b>Do not send to any other address</b></p>	<ul style="list-style-type: none"> <li>• Data must be in similar location of federal form on IRS website</li> <li>• Must be in form format. We will not accept text lists.</li> <li>• No more than four statements or returns per page</li> <li>• Page no larger than 8.5"x11"</li> <li>• Page no smaller than 2.75" high or 4.25" wide</li> <li>• Send only one statement or return per employee/ payee (no duplicates)</li> <li>• Use blue or black ink</li> </ul>	<ul style="list-style-type: none"> <li>• 1096-federal transmittal form</li> <li>• 1099-DIV or 1099-INT if no Wisconsin withholding (do not include on WT-7)</li> <li>• CDs, magnetic tapes or transmit non-SSA PDFs</li> <li>• Carbon copies</li> <li>• Correspondence</li> <li>• Duplicate W-2s with no change (if change made, file W-2c only)</li> <li>• Forms W-2 with no Wisconsin connection if paper filing</li> <li>• Old version of WT-7</li> <li>• WT2</li> <li>• WT-7 already electronically filed</li> </ul>

Due dates for the following cannot be extended:

- Furnishing wage statements to employees
- Furnishing information returns to recipients

Extension requests must be made in writing, via email or through *My Tax Account*. Requests must be received by January 31. Send requests for waivers from filing wage and information returns electronically, at least 30 days before the filing due date, and requests for extending the time to file wage and information returns to:

E-file waivers using EFT-102:

Wisconsin Department of Revenue  
PO Box 8949  
Madison WI 53708-8949  
DORWaiverRequest@wisconsin.gov

Extension:

Wisconsin Department of Revenue  
PO Box 8946  
Madison WI 53708-8946  
DORRegistration@wisconsin.gov

## Quick Links

- [Data exchange program](#)
- [Filing frequency changes](#)
- [Health savings accounts](#)
- [Nonresident entertainer withholding](#)
- [Nonresident military spouse withholding exemption](#)
- [Pass-through entity estimated payments](#)
- [Third party sick pay](#)
- [Transportation fringe benefits](#)
- [W-2 preparation guidance](#)
- [Wage and information return reporting](#)
- [Withholding tax topical index](#)
- [Withholding Tax Updates](#)

## Amended Annual Reconciliation (WT-7)

If you discover an error on a reconciliation that was already filed, file another reconciliation with the correct information and note that it is an amended return. Include an explanation for the change. File corrected wage statements (W-2cs) and information returns (1099, etc.) to support the change, but only for those containing errors and only to report corrected amounts withheld. You do not need to file an amended reconciliation to report errors in employee wages paid, employee social security numbers (SSN) or your federal employee identification number (FEIN). Instead, simply file your corrected wage statements. If it is necessary to correct wage statements, be sure to furnish corrected copies of the statements to the affected employees and advise them to file the corrected copies with their individual income tax returns.

## Election Worker Exemption from Income Tax Withholding

Wages paid to an election worker are not subject to income tax withholding. However, all wages earned by the election worker are subject to income tax.

### Wisconsin Treatment

Wages paid to election workers for services performed in national, state, county, and municipal elections are not subject to Wisconsin income tax withholding. Employers must report payments of \$600 or more to election workers on Form W-2. Do not use federal Form 1099 or Wisconsin Form 9b.

### Federal Treatment

Internal Revenue Service [Publication 15](#), Employer's Tax Guide, directs governments to report payments of \$600 or more to election workers for services performed in national, state, county, and municipal elections on Form W-2. Governments must report payments less than \$600 to election workers on Form W-2 if social security and Medicare taxes were withheld. Wages paid to election workers are not subject to federal income tax withholding.

See [Election Workers: Reporting and Withholding](#) for additional information on federal reporting requirements.

## W-2 Preparation Guidance for Employers

Looking for information on how to report wages on your employee wage statements? In response to questions and feedback from employers, software developers and payroll reporting agencies, we've issued W-2 preparation guidance. To view, [click here](#).

## Tips or Gratuities Received From Customers

All tips employees receive are income and subject to federal and state income tax. For withholding purposes, employees must report tips to their employers for each month that tips or gratuities received by the employee total \$20 or more. Employers must treat the total tips and gratuities, including cash and credit/debit card tips, received by the employee as wages, and determine the required amount of Wisconsin tax to be withheld. The employer must withhold or collect from the employee the appropriate amount of Wisconsin withholding tax due on wages and total tips earned.

- Information for employees is provided in federal [Publication 531, Reporting Tip Income](#).
- Information for employers is provided in federal [Publication 15, Employer's Tax Guide](#).

## New Hire Reporting Requirement

All employers with a federal employer identification number must report all newly hired and rehired employees to the Wisconsin New Hire Reporting Center within **20 days** of their hire or re-hire date.

New Hire is a national program required by both state and federal laws. It is designed to aid in locating parents who owe child support. Child support money helps families stay off assistance, helps custodial parents provide a better life for their children, and reduces the tax burden for all taxpayers.

Internet reporting is an easy and cost effective way to report new hires. For more information or to begin reporting, visit the New Hire website at [wi-newhire.com](http://wi-newhire.com) or call the Wisconsin New Hire Reporting Center toll free at 1-888-300-4473.

## Employees Claiming Exemption From Withholding (Forms W-4 and WT-4)

Employers must send a copy of the W-4 or WT-4 to us when:

- An employee claims more than 10 exemptions for Wisconsin purposes, or
- An employee claims complete exemption from Wisconsin withholding and earns over \$200 a week.

Send above forms to: Wisconsin Department of Revenue, Audit Bureau, Mail Stop 5-144, PO Box 8906, Madison WI 53708-8906.

If an employee claims complete exemption from Wisconsin withholding tax, a new WT-4 must be filed with the employer annually on or before April 30 of that year. If the employee fails to do so, the employee is considered as claiming zero withholding exemptions.

## Withholding Lock-In Letters

We may void a current withholding exemption certificate (W-4/WT-4) for Wisconsin purposes, if it appears that an employee has filed an incorrect certificate, form or agreement with an employer. If this occurs, we will send the employer and employee a withholding lock-in letter. A lock-in letter:

- Voids the current certificate in place for the employee,
- Mandates the maximum number of exemptions the employee may claim,
- Remains in effect indefinitely or until the employer is notified otherwise by the department.

The employer must withhold based on the number of exemptions stated in the lock-in letter. Employers failing to honor a withholding lock-in letter may be subject to penalties.

## Reciprocity Agreements

Wisconsin has reciprocity agreements with Illinois, Indiana, Kentucky, and Michigan. If you employ residents of these states, you are not required to withhold Wisconsin income taxes from wages paid to employees who provide you a completed Wisconsin [Form W-220, Nonresident Employee's Withholding Reciprocity Declaration](#). For additional information, see [Publication 121, Reciprocity](#).

While Wisconsin does not have a reciprocity agreement with Minnesota, there is a special withholding arrangement for employers of Wisconsin residents working in Minnesota. Wisconsin withholding will not be required when:

- The employee is a legal resident of Wisconsin when the wages are earned in Minnesota, **and**
- The wages earned are subject to Minnesota withholding and also Wisconsin withholding

For additional information regarding this special withholding arrangement, visit <https://revenue.wi.gov/Pages/TaxPro/news-2010-100120.aspx>.

## Retirement and Pension Payments Exempt From Income Tax Withholding

Pension and retirement income do not fall within the definition of wages under Wisconsin law. Therefore, withholding is not required on retirement and pension payments. However, the recipient may request that the payer withhold Wisconsin income tax from such payments. The request must be in writing and the amount withheld from each payment must be \$5 or more.

If Wisconsin income tax is not withheld, the recipient may be required to make estimated tax payments. Generally, individuals that expect to pay \$500 or more with their income tax return must make estimated tax payments. Individuals may make estimated payments online at <https://tap.revenue.wi.gov/pay>.

See [Publication 126](#), *How Your Retirement Benefits are Taxed* for additional information.

## My Tax Account Webinars

We offer an Annual Filer Refresher webinar on January 17 and January 24, 2017 (the same information is provided in each webinar). Check the training page on [revenue.wi.gov](http://revenue.wi.gov) for registration availability.

The Annual Filer Refresher webinar covers a variety of topics, including:

- *My Tax Account's* new two-step login process
- Filing a withholding deposit report (WT-6)
- Filing an annual reconciliation (WT-7)
- Filing W-2s
- Filing a sales and use tax return (ST-12)
- Ceasing accounts
- Updating profile information
- Requesting an extension and much more

We also offer a *My Tax Account* webinar for new users the second Tuesday of even numbered months. The next webinar is scheduled for February 14, 2017, 9:30 am to 10:30 am (CST). The webinar covers topics including, but not limited to, *My Tax Account's* two-step login process, filing and payment of withholding deposits, withholding annual reconciliation and W-2s. Visit [www.revenue.wi.gov/Pages/Training/Home.aspx](http://www.revenue.wi.gov/Pages/Training/Home.aspx) for more information.

## Withholding Tax Electronic Mailing List

Subscribe to the department's withholding tax electronic mailing list to receive withholding tax related communications at [revenue.wi.gov/html/lists.html](http://revenue.wi.gov/html/lists.html).

## Where To Direct Questions

Wisconsin Department of Revenue  
Mail Stop 5-77  
PO Box 8949  
Madison WI 53708-8949

Email: [DORWithholdingTax@revenue.wi.gov](mailto:DORWithholdingTax@revenue.wi.gov)

Phone: 608-266-2776

Visit: [revenue.wi.gov/withholding](http://revenue.wi.gov/withholding)