Wisconsin Department of Revenue

WITHHOLDING TAX UPDATE

2026-1 October 2026

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Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of October 30, 2026: ch. 71, Wis. Stats., and chs. Tax 1 and 2, 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 Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis.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.

W-2 Wage Reporting Differences for 2026

Due to differences in the IRC in effect for federal and Wisconsin purposes, the taxable wages reported on 2026 Form W-2 (box 16) for Wisconsin may not be the same as the federal amount if the employee is receiving compensation under any of the following exclusions:

- Section 112, IRC – Certain combat zone compensation of members of the armed forces (for service in qualified hazardous duty areas)
- Section 127, IRC – Education assistance programs (for payments of student loans)
- Section 128, IRC – Employer contributions to Trump accounts
- Section 129, IRC – Dependent care assistance programs (if exceed Wisconsin exemption amount)
- Section 132, IRC – Certain fringe benefits (for qualified moving expense reimbursement or qualified bicycle commuting reimbursement)

Note: This article primarily focuses on differences arising from Public Laws 115-97 and 119-21 and is not intended to be all inclusive of the differences that currently exist. Furthermore, it only reflects the Wisconsin statutes in effect as of October 30, 2026, and does not account for any possible future legislation.

Withholding Tax Rates

As of the date of this publication, there are no plans to change the withholding tax rates. Current withholding tax rates are available in Wisconsin Publication W-166, *Withholding Tax Guide Effective for Withholding Periods Beginning on or After January 1, 2022*.

Withholding and Filing Requirements of Payments for Agricultural Labor (e.g., H-2A Workers)

Employers who make payments to employees for providing agricultural labor (e.g., H-2A program) are not required to withhold Wisconsin income tax because these payments are excluded from the definition of wages under sec. 71.63(6)(b), Wis. Stats. However, if both the employer and employee agree, the employer may voluntarily withhold Wisconsin income tax from these payments.

The employer is required to file an information return (e.g., Form W-2) with the department if either (1) the total payments for services performed in Wisconsin during the calendar year are $600 or more, or (2) the employer voluntarily withholds any amount of Wisconsin income tax.

Note: If the Internal Revenue Service (IRS) requires the employer to use a different information return such as Form 1099-MISC, then the employer must use the IRS form instead of Form W-2 for Wisconsin purposes. For more information about the federal requirements, see the IRS website: Foreign Agricultural Workers on H-2A Visas.

Retirement and Pension Payments Exempt from Income Tax Withholding

Pension and retirement income are not 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. For more information about making estimated tax payments, see the department's website: Make a Payment.

For more information about retirement benefits, see Publication 126, *How Your Retirement Benefits Are Taxed*.

Filing Requirements of Form 1099-R with Wisconsin Withholding

For tax year 2026, all Forms 1099-R with Wisconsin withholding must be filed directly with the department by **February 1, 2027**. If you file 10 or more Forms 1099-R, you must file electronically using one of the filing options in Section 4 of Publication 117, *Guide to Wisconsin Wage Statements and Information Returns*.

Note: The combined federal/state filing program, under sec. Tax 2.04(7), Wis. Adm. Code, is not an acceptable filing option for Forms 1099-R with Wisconsin withholding. See article on page 6: *The Combined Federal/State Filing Program Is Not an Approved Filing Option for Information Returns with Wisconsin Withholding*.

A person (i.e., the "employer") who fails to file Form 1099-R by the due date is subject to a $10 penalty for each violation, and the failure of the employer may result in the payee's Wisconsin income tax refund being delayed.

Example for Calendar Year 2026:

- Individual A receives retirement distributions from Company B.
- At the request of Individual A, Company B withholds Wisconsin income tax from the distributions.
- The taxable amount of Individual A's distributions is $50,000, and the amount of Wisconsin income tax withheld is $3,000.
- On February 1, 2027, Individual A files Form 1 showing:

Description	Amount
Net tax	$1,800
WI tax withheld	($3,000)
Tax due or (refund)	($1,200)

- Company B files Form 1099-R with the department in April of 2027.

Because Company B filed Form 1099-R after the due date, Company B is subject to the $10 penalty and Individual A's refund of $1,200 will be delayed until at least March 1.

For more information about filing wage statements (e.g., Form W-2) and information returns (e.g., Form 1099-R), see Publication 117.

Withholding and Filing Requirements of Third-Party Sick Pay

Wisconsin does not follow the federal provisions relating to payments of sick pay made by third parties (e.g., an insurance company). Wisconsin law provides that when a third-party payer of sick pay makes payments directly to the employee and the employee has provided a written request to withhold Wisconsin income tax from those payments, the third-party payer, not the employer, must report and remit the income tax withheld.

For Wisconsin purposes, the payer of third-party sick pay who withholds Wisconsin income tax must issue

a wage statement (federal Form W-2) directly to the individual who received the sick pay and to the department. The Form W-2 must report the amount of taxable sick pay and the total amount of Wisconsin income tax withheld.

For Wisconsin purposes, the employer and the third-party payer have separate reporting and withholding requirements. The employer and third-party payer should not combine their payments and withholding on one Form W-2 and one Form WT-7. Instead, the employer and third-party payer should file separate Forms W-2 and Forms WT-7. **Note:** Inaccurate returns can result in penalties and refund delays.

Example: Calendar Year

- Individual A is an employee of Company B
- Individual A stops working at the end of September because of sickness
- Beginning in October, Individual A receives "sick pay" from a third-party (Company C)
- Individual A has the following wages, sick pay, federal withholding, and Wisconsin withholding:

Date	Wages from Company B	Sick Pay from Company C	Federal Income Tax Withheld	WI Income Tax Withheld
January	$5,000	N/A	$500	$250
February	$5,000	N/A	$500	$250
March	$5,000	N/A	$500	$250
April	$5,000	N/A	$500	$250
May	$5,000	N/A	$500	$250
June	$5,000	N/A	$500	$250
July	$5,000	N/A	$500	$250
August	$5,000	N/A	$500	$250
September	$5,000	N/A	$500	$250
October	N/A	$5,000	$500	$250
November	N/A	$5,000	$500	$250
December	N/A	$5,000	$500	$250
Total	$45,000	$15,000	$6,000	$3,000

- For federal purposes (see pages 14-16 of IRS Notice 2015-6)
  - Company B files Form W-2 showing:
    - Federal taxable wages of $60,000 ($45,000 wages + $15,000 sick payments)
    - Federal income tax withheld of $6,000
  - Company C does not file Form W-2
- For Wisconsin purposes:
  - Company B files Form W-2 showing:
    - Wisconsin taxable wages of $45,000 ($5,000 * 9 months)
    - Wisconsin income tax withheld of $2,250 ($250 * 9 months)

    Note: Company B must file Form WT-7 and report the withholding of $2,250 on line 5.

- Company C files Form W-2 showing:
  - Wisconsin taxable wages of $15,000 ($5,000 * 3 months)
  - Wisconsin income tax withheld of $750 ($250 * 3 months)

Note: Company C must file Form WT-7 and report the withholding of $750 on line 5.

Notice to Employers Using a Payroll Service Provider

Employers may use a payroll service provider (PSP) to file withholding tax returns, pay withholding tax, and file wage statements and information returns. Wisconsin requires a PSP to register their software and complete software testing to be approved for e-filing. A list of approved PSPs can be found on the department's website: Third-Party Software for Withholding e-File Returns.

Employers who decide to use a PSP should ensure that the PSP correctly files and pays on their behalf because the employer is liable for any unpaid taxes, fees, penalties, and interest.

Employers can use My Tax Account to verify the PSP correctly files and pays on their behalf. My Tax Account is free and provides employers with online access to their filing and payment history.

When an employer closes their business or closes their withholding account because they no longer have any employees, the employer is required to file their annual reconciliation (Form WT-7) and any associated Forms W-2 within 30 days. In order to be approved as a PSP in Wisconsin, a PSP must agree that they will facilitate compliance with these provisions of Wisconsin law

Employers using a PSP should contact the department immediately when they get a notice for withholding tax. Call us at (608) 266-2776 or email DORWithholdingTax@wisconsin.gov.

The Combined Federal/State Filing Program Is Not an Approved Filing Option for Information Returns with Wisconsin Withholding

Persons who participate in the combined federal/state filing program under sec. Tax 2.04(7), Wis. Adm. Code, are not required to file Forms 1099 with the department because the department receives this information from the Internal Revenue Service.

Exception: When Wisconsin income tax is withheld, the information return (e.g., Form 1099-R) must be filed directly with the department using one of the filing options listed in Section 4 of Publication 117, *Guide to Wisconsin Wage Statements and Information Returns*. The combined federal/state filing program is not an acceptable filing option for information returns with Wisconsin withholding.

Example

Facts:

- Individual A receives retirement distributions from Company B and Wisconsin income tax is not withheld from these distributions.
- Individual C receives retirement distributions from Company D and Wisconsin income tax is withheld from these distributions.
- B and D are required to report the distributions on Form 1099-R.

Company B has the option to file Form 1099-R through the combined federal/state filing program, but Company D may not file Form 1099-R through the combined federal/state filing program.

Truncated Taxpayer Identification Numbers on Forms W-2 and 1099

As a safeguard against identity theft, the Internal Revenue Service (IRS) allows payers to truncate a payee's taxpayer identification number (SSN, FEIN, or ITIN) on the copy of Form W-2 or 1099 that the payer gives to the payee. The department follows the IRS treatment.

Caution:

- Payers may not truncate the payee's social security number on any forms filed with the department, IRS, or Social Security Administration.
- Payers may not truncate their own identification number on any forms given to the payee or filed with the department, IRS, or Social Security Administration.

For more information:

- *Wisconsin Tax Bulletin 201* (April 2018), page 17, article titled *Truncated Payee Social Security Number*
- Federal Register, Vol. 84, No. 128

Withholding Deposit Reports (Form WT-6) and Annual Reconciliation (Form WT-7)

Employers filing withholding deposit reports (WT-6s) quarterly, monthly, or semi-monthly cannot submit an annual reconciliation of Wisconsin tax withheld (WT-7) until all withholding deposit reports have been filed.

The filer will get a rejection or error message if:

- The total withholding tax reported on the annual reconciliation is more than the total tax reported on the withholding deposit reports, or
- One or more withholding deposits have not been filed. **Exception:** Withholding deposits can be in pending status with a future payment date.

This requirement reduces the number of penalties imposed on the annual reconciliation and reduces appeals. See *Wisconsin Tax Bulletin 203* (October 2018).

File Form WT-7 Only After All Forms WT-6 Are Submitted

To avoid delays in processing, submit your Form WT-7, *Employers' Annual Reconciliation of Wisconsin Income Tax Withheld,* at least one day after all Withholding Tax Deposit Reports (Form WT-6) have been electronically filed. Form WT-6 may be filed with a future payment date.

Example 1: An employer files withholding deposits monthly. Both Form WT-6 and Form WT-7 are due February 1, 2027. File the WT-6 deposit for December on January 29, 2027, and file the Form WT-7 on February 1, 2027.

Example 2: An employer filed all monthly Forms WT-6. However, when entering information for Form WT-7 and Forms W-2, the employer finds the Form WT-6 filed for June was understated by $100. Before filing Form WT-7, an additional Form WT-6 should be filed for the June period to report the additional $100.

Note: Quarterly, monthly, and semi-monthly filers must file an electronic Form WT-6 for each required reporting period even if no tax is withheld for the period.

All Form W2s and 1099s with Wisconsin withholding must be filed to reconcile the Form WT-7. Incomplete, incorrect, late, or missing information returns will incur penalties. File and pay on time to avoid late fees and help Wisconsin prevent fraud.

Electronic Filing Mandate – Forms WT-6 and WT-7

Withholding deposit reports (WT-6s) and annual reconciliation returns (WT-7s) are required to be filed electronically using an approved submission method, unless a waiver is approved by the department. Failure to file electronically may result in rejection of your WT-6 or WT-7, potentially resulting in penalties and/or interest. Electronic filing options include:

Withholding Deposit Reports (Form WT-6s)	Annual Reconciliation Returns (Form WT-7s)
My Tax Account	
Third-Party Software	
TeleFile – call (608) 261-5340 or (414) 227-3895	
e-File Transmission	e-File Transmission
ACH Credit – through your financial institution	

Notes:

- If your filing frequency is annual, you are not required to file deposit reports (WT-6s). Each year in November the department evaluates your WT-6 deposits from the last year and determines whether to change your filing frequency. If your filing frequency changes, you are notified in writing, and a copy of your letter is available in My Tax Account.
- When completing your annual reconciliation return (WT-7), include the following in the counts and amounts:
    - All W-2s reportable to Wisconsin. This includes paper W-2s with “WI” in box 15 and electronically filed W-2s with "55" in the state code field.
    - Only information returns with Wisconsin withholding (e.g., 1099-R, 1099-MISC, 1099-NEC, 1099-K, W-2G).
- For tax year 2026, the annual reconciliation return (WT-7) must be filed by **February 1, 2027**. However, if you close your withholding account before December 31, the reconciliation is due within 30 days of the account cease date.

Form WT-7 – Filing an Amended Annual Reconciliation

An amended annual reconciliation (WT-7) must be filed if an error was made on the original return. If amending the return to correct withholding amounts reported, corrected wage statements and information returns must accompany the amended return. The WT-7 will be rejected if you fail to provide the correct wage statements and information returns. Do not resend previously submitted wage statements and information returns that do not have corrections to withholding. Be sure to furnish corrected copies of the wage statements and information returns to the employees and individuals involved and advise them to file the corrected copies with their income tax returns.

Form WT-7 – Reporting by Financial Institutions and Insurance Agencies

All banks, credit unions, insurance agencies and other employers who withhold Wisconsin income tax from employee wages, retirement accounts, interest and dividends, or have a third party withhold on their behalf, must report the total amount withheld from all sources on the annual reconciliation (WT-7).

Information returns (1099-DIV, 1099-INT, etc.) with Wisconsin withholding must also be reported on the WT-7.

Filing Wage Statements and Information Returns

Verify that the Information You File Is Accurate

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 (Forms W-2) and information returns (Forms W-2G, 1099-MISC, 1099-R, 1099-NEC, etc.) for payments made in 2026.

Before filing, verify the payer's 15-digit withholding tax number, federal employer identification number and legal name using our account look-up. The department offers preparers the opportunity to verify certain client-related data via an online data exchange program. Payroll providers can use the withholding data exchange to 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.

Authorized PSPs may use the electronic enrollment schema to verify account information, including filing frequency, withholding tax numbers, and legal names. The schema also allows additions to and removals from your approved client list.

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.

When and Where to File

For tax year 2026, wage statements and information returns must be filed with the department by **February 1, 2027**. If you file 10 or more wage statements or 10 or more of any one type of information return, you must file electronically. Electronic filing options include:

- Use approved payroll software.
- Key Forms W-2, 1099-MISC, 1099-NEC, and 1099-R in My Tax Account when filing the annual reconciliation (Form WT-7).
- Key Forms W-2, 1099-MISC, 1099-NEC, and 1099-R in My Tax Account at any time during the year. Log into My Tax Account and select "Enter W-2/1099 Information."

  My Tax Account makes it easy to submit information returns omitted from previous submissions. It also provides a user-friendly option for those that don't have active withholding accounts but must submit W-2s or 1099s.
- Submit an EFW2 file (for Form W-2) through the department's website.
- Submit an IRS formatted file (for Forms 1099-MISC, 1099-NEC, 1099-R, 1099-K, W-2G, etc.) through the department's website. Information Returns Intake System (IRIS) schema submissions are now available, with an approved LOI (Letter of Intent.) Filing Information Returns Electronically (FIRE) formatted files are still accepted through our submission portal.

Note: The only electronic filing options for Form 1099-K with Wisconsin withholding are (1) approved payroll software, (2) an IRS formatted file that is in the format provided in IRS Publication 1220, or (3) IRIS schema format for approved providers.

Note: The Wisconsin Department of Revenue does not accept W-2 pdf files for electronic filing.

Note: As of January 1, 2027, the IRS FIRE system is no longer available, and the IRS Publication 1220 format is sunsetting in September of 2027. The department will accept submissions in the IRS FIRE system for 2026 and earlier tax years. Also, the Wisconsin Department of Revenue does not accept information returns in CSV format. Filers that do not use a PSP are encouraged to take action now to adopt a filing method that will continue to be available after 2027, such as IRIS formatted files, My Tax Account, or approved payroll software.

If you file fewer than 10 wage statements or fewer than 10 information returns, we encourage you to file electronically using one of the methods described above. Otherwise, mail the statements and returns to:

Wisconsin Department of Revenue
PO Box 8920
Madison, WI 53708-8920

Penalties for Filing Late or Failing to File Electronically

Failure to file wage statements and information returns by the due date, including any extension, or filing an incorrect or incomplete return, will result in a penalty of $10 for each statement or return.

Failure to file 10 or more wage statements or information returns electronically will result in a penalty of $10 for each statement or return filed by paper.

An appeal of a penalty must be received within 60 days of the penalty notification. Missing wage statements and information returns must be submitted with an appeal of a failure to file penalty.

Note: The department may not issue a refund to an employed individual before March 1, unless the individual and individual's employer have filed all required returns and forms.

Required Wage Statements and Information Returns

Employers and payers doing business in Wisconsin are required to file wage statements and information returns with the Wisconsin Department of Revenue for certain payments made in 2026. This includes:

- Payments made to Wisconsin residents, regardless of where services are performed.
- Payments made to nonresidents for services performed in Wisconsin.

Forms W-2, W-2G, 1099-MISC, 1099-NEC, 1099-R, and 9b, as provided in Chart 1, must be filed with the department. Other information returns such as Forms 1099-DIV, 1099-INT, and 1099-K are required to be filed with the department only if Wisconsin tax is withheld.

If you withhold Wisconsin tax from any wage statement or information return, you must file the annual withholding reconciliation (Form WT-7) by February 1 or, if you discontinue business prior to the end of the calendar year, within 30 days of discontinuance. For more information about the reconciliation, see Form WT-7 Instructions.

Chart 1 – Required Wage Statements and Information Returns				
Form	**Title**	**What to Report**	**Amount to Report**[1]	**Due Date**[2]
9b (A copy of federal Forms W-2, 1099-MISC, 1099-NEC, or 1099-R, as appropriate, may be required instead of Wisconsin Form 9b)[4]	Miscellaneous Income	Rent or royalty payments (payments to nonresidents only if property located in Wisconsin)	$600 or more[5]	February 1 to the department January 31 to payment recipient Exception – If employment ends before close of calendar year, to employee on the day the last payment of remuneration is made
		Distributions from a retirement, stock bonus, pension, profit-sharing, disability, annuity, IRA, Keogh, 401(k), or other similar plan, except distributions from a qualified plan to a nonresident	$600 or more[5]	
		Other compensation for personal services not subject to Wisconsin withholding[3] (includes amounts paid to nonresidents for services performed in Wisconsin)	$600 or more[5]	
W-2 (Federal form)	Wage statements	Wages, tips, and other compensation (includes amounts paid to nonresidents for services performed in Wisconsin)	All amounts	
W-2G (Federal form)	Certain gambling winnings	Prizes from the Wisconsin Lottery or a multijurisdictional lottery if the winning ticket was purchased from a Wisconsin retailer	$2,000 or more	
		Pari-mutuel wager winnings paid by a Wisconsin licensed track	More than $1,000	

[1] If payments are below the reporting threshold but the employer/payer withheld any amount of Wisconsin tax from the payments, the employer/payer is required to file the wage or information return with the department and reflect those returns on the WT-7. This requirement includes other information returns such as Forms 1099-INT, 1099-K, and 1099-DIV.

[2] If the due date falls on a weekend or holiday, the due date becomes the business day immediately following the weekend or holiday.

[3] Examples include payments for: agricultural labor; domestic services; services by a citizen or resident of the U.S. for a foreign government or international organization; services performed by a duly ordained minister or member of a religious order; services performed by an individual under age 18 in the delivery of newspapers; services related to the sale of newspapers and magazines at a fixed price and compensation is based on retaining the excess of such price over the amount charged to them; services not in the course of the employer's trade or business and paid in any medium other than cash; and tips, if paid in a medium other than cash or if such tips are under $20 a month.

[4] Employers and persons who make payments that must be reported for federal purposes on Forms W-2, 1099-MISC, 1099-NEC, or 1099-R must use these forms instead of Form 9b for Wisconsin purposes.

[5] Wisconsin has not adopted section 70433 of Public Law 119-21, increasing these thresholds from $600 to $2,000. Payers may be required to file Form 1099-MISC, 1099-R, or 1099-NEC with the Wisconsin Department of Revenue even if they are not required to file with the Internal Revenue Service.

Reporting Requirements

Review and follow the reporting requirements below to submit wage statements and information returns.

Chart 2 – Wage Statement and Information Return Reporting Requirements

Required information	Send information	Required format for paper filer	Do not send

• 15-digit Wisconsin withholding tax number. Those who did not withhold, are not required to withhold, **and** never held a Wisconsin withholding tax number must use 036888888888801.
• Nine-digit federal employer identification number (FEIN)
• Legal name must match numbers above
• Nine-digit payee tax identification number
• Wisconsin as top state (if possible)
Before Filing
• Register, if required, or make any name changes
• Verify the first three items above using the account look-up in My Tax Account
• Preparers can use our withholding data exchange to verify client information
	Electronic
	• If you file 10 or more wage statements or information returns, you must file them electronically. See Publication 117 for "How to File."
	Paper
	• If you file fewer than 10, we encourage you to file electronically. Otherwise, mail them to the following address:
	Wisconsin Department of Revenue
	PO Box 8920
	Madison, WI 53708-8920
	Do not send to any other address
		• Data must be in similar location to federal form on IRS website
		• Must be in form format. We will not accept text lists.
		• No more than one statements or returns per page
		• Use the following formats for printable forms:
		  • W-2
		  • W-2C
		  • W-2G
		  • 1099-DIV
		  • 1099-INT
		  • 1099-MISC
		  • 1099-NEC
		  • 1099-R
		• Page no larger than 8.5"x11"
		• Page no smaller than 2.75" high or 4.25" wide
		• Send only one statement or return per employee/payee (no duplicates)
		• Use blue or black ink
			• 1096-federal transmittal form
			• 1099-DIV or 1099-INT if no Wisconsin withholding (do not include on WT-7)
			• CDs, magnetic tapes, or PDF files
			• Carbon copies
			• Correspondence
			• Duplicate W-2s with no change (if change made, file W-2c only)
			• Duplicate WT-7
			• Old version WT-7 if paper filing
			• W-2s or 1099s with no Wisconsin connection
			• WT2

For more information on filing requirements, see Publication 117.

Filing Extensions – Form WT-7, Wage Statements, and Information Returns

Employers may request a 30-day extension of time to file the annual reconciliation (Form WT-7) if they are able to demonstrate good cause and reason for the requested delay. The extension is **not** an automatic extension. If an extension is granted for the Form WT-7, it also applies to the corresponding wage statements and information returns. If good cause is demonstrated, you may request a 30-day extension for filing W-2s and/or 1099s with the department, even if you are not requesting an extension for filing the Form WT-7. There is no extension of time for filing W-2Gs.

Due dates for the following cannot be extended:

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

Extension requests must be received by the original due date using one of the following:

- Complete the *Request Extension to File* in My Tax Account
- Email WIWithholding@wisconsin.gov
- Write to:

  Tax Operations Bureau
  Wisconsin Department of Revenue
  PO Box 8902
  Madison, WI 53708-8902

Transportation Fringe Benefits for 2026 and 2027

The value of certain transportation fringe benefits provided by an employer to an employee may be excluded from employee wages.

2026 Treatment
For federal and Wisconsin purposes, the amount that may be excluded from employee wages for 2026 is limited as follows:

- $340 per month for qualified parking
- $340 per month for commuter highway vehicle transportation and transit passes

2027 Treatment
Updated amounts that may be excluded for 2027 are not yet available. After the information is available, the department will provide an article with the updated amounts on the News for Tax Professionals webpage.

Worker Classification (Employee vs. Contractor)

Every person who pays an individual for work must classify the individual as either an employee or independent contractor. The correct classification is important because it impacts the payer's requirements for:

- Federal unemployment insurance, income tax withholding, and information return reporting under chs. 23, 24, and 61, Internal Revenue Code, administered by the Internal Revenue Service (IRS)
- Wisconsin unemployment insurance under ch. 108, Wis. Stats., administered by the Wisconsin Department of Workforce Development (DWD)

- Wisconsin income tax withholding and information return reporting under ch. 71, Wis. Stats., administered by the Wisconsin Department of Revenue (DOR)

Both the IRS website and the DWD website provide guidance to help payers determine if a worker is an employee or an independent contractor, and DOR generally follows the IRS guidance.

The IRS, DWD, and DOR have authority to audit a payer's records to ensure compliance with these laws. If an audit by the IRS or DWD determines that an employee was misclassified, the payer must comply with the laws administered by DOR. Failure to comply with Wisconsin's income tax withholding and information return reporting requirements under ch. 71, Wis. Stats., may result in an audit by DOR and liability for the following:

- *A penalty equal to the amount of the tax, plus interest and penalties on that tax* - A person required to withhold any tax under ch. 71, Wis. Stats., who intentionally fails to withhold such tax shall be liable to a penalty equal to the amount of the tax, plus interest and penalties on that tax (sec. 71.83(1)(b)2., Wis. Stats.).
- *$25,000 fine* - Any employer engaged in the construction of roads, bridges, highways, sewers, water mains, utilities, public buildings, factories, housing, or similar construction projects who willfully provides false information to DOR, or who willfully and with intent to evade any withholding requirement, misclassifies or attempts to misclassify an individual who is an employee of the employer as a nonemployee shall be fined $25,000 for each violation (sec. 71.65(6), Wis. Stats.).
- *$10 penalty* - If a person fails to file a wage statement (e.g., Form W-2) required under sec. 71.71 or 71.715, Wis. Stats., by the prescribed due date, including any extension, or files an incorrect or incomplete return, that person may be subject to a penalty of $10 for each violation (sec. 71.83(1)(a)1m., Wis. Stats.).
- *$50 or $150 late filing fee* - Any person who is required to file a withholding report (e.g., Form WT-7) and deposit withholding taxes that fails to do so timely and DOR shows that the taxpayer's action or inaction was due to the taxpayer's willful neglect and not to reasonable cause, shall be subject to a $50 late fee, except for corporations taxed under subch. IV or insurance companies taxed under subch. VII of ch. 71, Wis. Stats., the late fee is $150 (sec. 71.83(3)(a), Wis. Stats.).
- *25 percent penalty* - Any person who is required to file a deposit report (Form WT-6) or a withholding report (Form WT-7) and files an incomplete or incorrect report, or fails to properly withhold or fails to properly deposit or pay over withheld funds, upon a showing by the department that the taxpayer's action or inaction was due to the taxpayer's willful neglect and not to reasonable cause may be subject to a penalty of 25 percent of the amount not reported or not withheld (sec. 71.83(1)(a)3., Wis. Stats.).
- *1.5 percent interest per month* - Delinquent withholding deposits or payments shall bear interest at the rate of 1.5 percent per month. **Note:** During a period in which an extension is granted, interest accrues at the rate of 1 percent per month (sec. 71.82(2)(d), Wis. Stats.).
- *Disallowed wage expense deduction* - If an employer fails to file wage statements (e.g. Form W-2), DOR may assess as an addition to taxable income the amount of deductions taken in arriving at federal adjusted gross income or federal taxable income by natural persons and fiduciaries for wages (sec. 71.74(4), Wis. Stats.).
- *$10,000 fine and/or 9 month prison sentence* - Any person who willfully fails or refuses to make required withholding deposits or payments or willfully renders a false or fraudulent wage statement (e.g. Form W-2) or report (e.g. Form WT-6 or Form WT-7) shall be guilty of a misdemeanor and may be fined not more than $10,000 or imprisoned for not to exceed 9 months or both, together with the cost of prosecution (sec. 71.83(2)(a)1., Wis. Stats.).

For more information about Wisconsin income tax withholding and information return reporting requirements, see Publication W-166, *Withholding Tax Guide*, and Publication 117, *Guide to Wisconsin Wage Statements and Information Returns*.

Single-Member LLCs – Are You Registered Correctly?

A single-member limited liability company (LLC) that is a disregarded entity and has employees is considered an "employer" for purposes of federal withholding taxes. Wisconsin follows this treatment. As an "employer" the single-member LLC must use its name and FEIN to obtain a Wisconsin withholding tax number. To apply for a Wisconsin withholding tax number, visit My Tax Account or complete an application for business registration.

Employees Claiming More than 10 Exemptions or Complete Exemption from Withholding (Form WT-4)

Employers must send a copy of the Form WT-4 to the department when:

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

When required, send the copy of Form WT-4 to:

Audit Bureau
Wisconsin Department of Revenue
PO Box 8906
Madison, WI 53708-8906

If an employee claims complete exemption from Wisconsin withholding tax, a new Form 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

The department may void a current withholding exemption certificate (Form 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.

Reporting Nonresident Entertainer Withholding on Income/Franchise Tax Returns

A nonresident entertainer is a nonresident person (a person who is not a legal resident of Wisconsin) or a foreign corporation, partnership, or other type of entity, not regularly engaged in business in Wisconsin who furnishes amusement, entertainment, public speaking services, or performs in sporting events in Wisconsin for consideration. Performance venues or employers of the nonresident entertainer must withhold tax of 6% from the total contract price unless an exception applies.

When the nonresident entertainer files its income or franchise tax return, the amount withheld on behalf of the entertainer should be reported as withholding on the return. If the withholding is incorrectly reported as an estimated payment on the entertainer's income or franchise tax return, the return processing may be delayed.

For more information regarding nonresident entertainers, see the following resources:

- Nonresident Entertainers Common Questions
- Form WT-11 Instructions
- Form WT-12 Instructions
- Publication 508, *Nonresident Entertainers*

My Tax Account New User Webinars

We offer a My Tax Account webinar for new users the second Tuesday of odd numbered months. The next new user webinar is scheduled for November 10, 2026, 9:30 am to 10:30 am (CST). The webinar covers topics including My Tax Account's two-step login process, filing and paying sales & use tax, and filing and paying withholding tax.

To register and find more information as it becomes available, visit our training page at https://www.revenue.wi.gov/Pages/Training/Home.aspx.

My Tax Account Annual Refresher Webinars

The department is providing Annual Filer Refresher webinars on January 12, 14, 20, and 21 of 2027 (the same information is provided in each webinar). These webinars cover a variety of topics, including:

- Filing and paying sales and use tax (ST-12)
- Filing and paying withholding tax (WT-6 and WT-7)
- Submitting wage statements and information returns (W-2s, 1099-Rs, 1099-MISCs & 1099-NECs)
- Printing seller's permits and business tax registration certificates
- Updating profile information (bank and contact information)
- Requesting extensions to file

To register and find more information as it becomes available, visit our training page at https://www.revenue.wi.gov/Pages/Training/Home.aspx.

Withholding Tax Electronic Mailing List

Subscribe to the department's withholding tax electronic mailing list to receive withholding tax related communications.

Employer's Responsibility for Unclaimed Property

Any business that has possession of unclaimed property is required to report and turn over that property to the Department of Revenue. This includes wages, such as uncashed payroll checks. Wages that are unclaimed must be turned over after one year. For more information about what is unclaimed property and how to report it, please see the Unclaimed Property Holder Report Guide.

Questions or Comments

Mail: Customer Service Bureau
Wisconsin Department of Revenue
PO Box 8949
Madison, WI 53708-8949

Email: DORWithholdingTax@wisconsin.gov

Phone: (608) 266-2776

Visit: https://www.revenue.wi.gov/withholding

Quick Links

- Data exchange program
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- Health savings accounts
- New hire reporting
- Pass-Through Withholding and Composite Returns
- Reciprocity
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