

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>WTU2019-1</b>	Withholding Tax Update 2019-1

# WITHHOLDING TAX UPDATE

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by [sec. 227.112\(1\), Wis. Stats.](#)

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## What's New?

- **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. Electronic filing options include:

Withholding Deposit Reports (WT-6s)	Annual Reconciliation Returns (WT-7s)
My Tax Account <a href="https://tap.revenue.wi.gov/mta/">https://tap.revenue.wi.gov/mta/</a> /	
Telefile – call 608-261-5340 or 414-227-3895 <a href="https://www.revenue.wi.gov/Pages/FAQS/ise-whtelefile.aspx">https://www.revenue.wi.gov/Pages/FAQS/ise-whtelefile.aspx</a>	
E-File Transmission <a href="https://www.revenue.wi.gov/Pages/OnlineServices/wt-6-home.aspx">https://www.revenue.wi.gov/Pages/OnlineServices/wt-6-home.aspx</a>	E-File Transmission <a href="https://www.revenue.wi.gov/Pages/OnlineServices/wt-7-home.aspx">https://www.revenue.wi.gov/Pages/OnlineServices/wt-7-home.aspx</a>
ACH Credit – through your financial institution <a href="https://www.revenue.wi.gov/Pages/OnlineServices/eft2.aspx">https://www.revenue.wi.gov/Pages/OnlineServices/eft2.aspx</a>	
Credit Card – through Official Payments 1-800-272-9829; use code 5800 <a href="https://www.revenue.wi.gov/Pages/FAQS/crcard.aspx">https://www.revenue.wi.gov/Pages/FAQS/crcard.aspx</a>	

### 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 adjusts your filing frequency accordingly. If your filing frequency changes, we notify you in writing, and a copy of your letter is available in My Tax Account.
- When filing your annual reconciliation return (WT-7), include the total number of W-2s reportable to Wisconsin on the reconciliation. This includes paper W-2s with "WI" in box 15 and electronically filed W-2s with "55" in the state code field. Only report information returns (e.g., 1099-R, 1099-MISC, W-2G) with Wisconsin withholding on the reconciliation.
- The annual reconciliation return (WT-7) must be filed by January 31. However, 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.
- **Beginning in 2020, the redesigned federal Form W-4 cannot be used for Wisconsin withholding tax purposes.** The Internal Revenue Service's redesigned 2020 Form W-4 removed federal allowances. Prior to this change, an employee could use Form W-4 for Wisconsin purposes, if the employee's federal allowances equaled his or her Wisconsin exemptions. Since federal allowances have been removed, the redesigned Form W-4 cannot be used for Wisconsin purposes. The following applies for Wisconsin withholding tax purposes beginning in 2020:
  - All newly hired employees must provide Wisconsin Form WT-4 to their employer.
  - Existing employees that change the number of their Wisconsin withholding exemptions must provide Wisconsin Form WT-4 to their employer.
  - Existing employees are not required to provide Wisconsin Form WT-4 to their employer (unless the employer requests it) if the employee wishes to maintain the same number of Wisconsin withholding exemptions used in 2019.
- **Change to Electronic Filing Methods for Form W-2.** The Wisconsin Department of Revenue will no longer accept W-2 pdf files for electronic filing. This method is no longer supported due to the low volume of files received. For more information about electronic filing options, see "Filing Wage and Information Returns" later.

- **Redesign of Wisconsin Form PW-2.** The Wisconsin Department of Revenue has redesigned Form PW-2, *Wisconsin Nonresident Partner, Member, Shareholder, or Beneficiary Pass-Through Withholding Exemption Affidavit*. You can view the redesigned form at: <https://www.revenue.wi.gov/TaxForms2017through2019/2019-FormPW-2f.pdf>. The redesigned form allows a nonresident owner to submit multiple exemption requests with one form and to file before estimated payments are due for the year of the request.

## Withholding Tax Rates

The current withholding tax rates will continue for 2020. These rates are available in Wisconsin [Publication W-166, Withholding Tax Guide](#), for payroll periods beginning on or after April 1, 2014.

## Reminders

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

- A stand-alone W-2 application allows businesses to key in and submit W-2s and 1099s at any time during the year in My Tax Account. The application makes it easier 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 have a need to submit W-2s or 1099s.
- An employer or payer required to file 10 or more W-2s or 10 or more of any one type of information return with the department must file such returns electronically.
- All W-2s and information returns required to be filed with the department are due January 31.
- A 30-day extension is available upon request for filing W-2s and 1099s with the department.
- 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.

## Form WT-7 – Filing an Extension

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. There is no extension of time for filing forms W-2G. Due dates for the following cannot be extended:

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

Extension requests must be received on or before January 31 using one of the following:

- My Tax Account – <https://tap.revenue.wi.gov/mta/>
- Email – [DORRegistration@wisconsin.gov](mailto:DORRegistration@wisconsin.gov)
- Mail – Wisconsin Department of Revenue  
PO Box 8902  
Madison, WI 53708-8902

## 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. Do not resend previously submitted wage statements and information returns that do not have corrections to withholding.

The annual reconciliation (WT-7) will be rejected if you fail to provide the correct wage statements and information returns. If you file 10 or more wage statements or information returns, you must file them electronically. Be sure to furnish corrected copies of the wage statements and information to the employees and individuals involved and advise them to file the corrected copies with their income tax returns.

## Verify Client Information

The Department of Revenue 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 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 Wage and Information Returns

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 2019.

Before filing, verify the payer's 15-digit withholding tax number, federal employer identification number and legal name using our account [look-up](#). Preparers 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.

Wage statements and information returns must be filed with the department by January 31. 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.

If you file 10 or more wage statements (Forms W-2) or 10 or more information returns (Forms W-2G, 1099-MISC, 1099-R), you must file electronically. Electronic filing options include:

- Key W-2s, 1099-MISCs and 1099-Rs in My Tax Account when filing the annual reconciliation (WT-7).
- Key W-2s, 1099-MISCs and 1099-Rs at any time during the year in My Tax Account. Log into My Tax Account and select "Enter W-2/1099 Information."
- Transfer an EFW2 file (for W-2s) to [DOR](#).
- Transfer an IRS formatted file (for 1099-Rs, 1099-MISCs and W-2Gs) to [DOR](#).

**Note** - If you use payroll software to prepare your wage statements or information returns, your software may allow you to submit your wage statements and information returns electronically.

If you file fewer than 10 wage statements or fewer than 10 information returns, we encourage you to file electronically. Otherwise, mail these statements and returns to Wisconsin Department of Revenue, PO Box 8920, Madison, WI 53708-8920.

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 penalty must be received within 60 days of the penalty notification. For appeals, missing wage statements and information returns must be submitted.

Review and follow the reporting requirements below to submit 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>• Preparers 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 10 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 fewer than 10, 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 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>• Duplicate WT-7</li> <li>• Old version WT-7 if paper filing</li> <li>• W-2s or 1099s with no Wisconsin connection</li> <li>• WT2</li> </ul>

For more information on filing requirements, see [Publication 117](#), *Guide to Wisconsin Wage and Information Returns*.

### Transportation Fringe Benefits

A link to the article for the 2018 and 2019 treatment is available under "Quick Links". Updated amounts that may be excluded for qualified parking and commuter highway vehicle transportation and transit passes for 2020 will not be available until the end of November of 2019. The link to the new article will be updated once this information is available.

Current Quick Link: <https://www.revenue.wi.gov/Pages/TaxPro/2019/Transportation-Fringe-Benefits.aspx>

### 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 <https://tap.revenue.wi.gov/btr/> or file Form BTR-101, *Application for Business Tax Registration*.

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

Employers must send a copy of the 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 and earns over \$200 a week.

Send 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**

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.

**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. 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.

**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, the return processing may be delayed. For more information, see the [nonresident entertainer common questions](#) page on our website.

**Reporting by Financial Institutions and Insurance Agencies**

All banks, credit unions, insurance agencies and other employers who withhold Wisconsin income tax from employee wages and interest and dividends, or have a third party withhold on their behalf, must report the total amount withheld from all sources on the employer's annual reconciliation (WT-7). The information returns (1099-DIV, 1099-INT, etc.) with Wisconsin withholding must be reported on the WT-7.

**My Tax Account Webinars**

We will offer Annual Filer Refresher webinars on January 7, January 9, January 14, and January 23, 2020 (the same information is provided in each webinar). Check the training page on [www.revenue.wi.gov](http://www.revenue.wi.gov) for registration availability.



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

- File and pay withholding tax (WT-6 and WT-7)
- Key and submit wage statements and information returns (W-2s, 1099-Rs & 1099-MISCs)
- Print a seller's permit and/or a business tax registration certificate
- Update profile information (bank and contact information)
- Submit an appeal
- Request an extension

We also offer a My Tax Account webinar for new users the second Tuesday of even numbered months. The next new user webinar is scheduled for December 10, 2019, 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.

Visit <https://www.revenue.wi.gov/Pages/Training/Home.aspx> for more information and to sign up today.

### 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](https://www.revenue.wi.gov/html/lists.html).

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

**Email:** [DORWithholdingTax@wisconsin.gov](mailto:DORWithholdingTax@wisconsin.gov)

**Phone:** (608) 266-2776

**Visit:** [revenue.wi.gov/withholding](https://www.revenue.wi.gov/withholding)

### Quick Links

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**Applicable Laws and Rules**

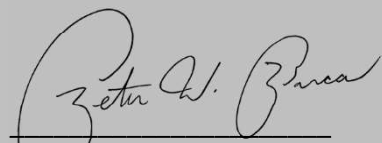
This document provides statements or interpretations of the following laws and regulations in effect as of October 2, 2019: Chapter 71, Wis. Stats., and Chs. Tax 1 and 2, Wis. Adm. Code.

Laws enacted and in effect after October 2, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to October 2, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

**Certification Statement**

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE

A handwritten signature in cursive script, reading "Peter W. Barca", is written over a horizontal line.

Peter Barca

Secretary of Revenue