

**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>100220</b>	Withholding and Tax Filing Information Related to Wisconsin-Minnesota Income Tax Reciprocity Termination – Common Questions

State of Wisconsin  
Department of Revenue

# Withholding and Tax Filing Information Related to Wisconsin-Minnesota Income Tax Reciprocity Termination

**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.**

The reciprocity agreement between Wisconsin and Minnesota expired January 1, 2010. The agreement allowed residents of one state to file a single income tax return with their home state if they worked across the border. The cancellation affects 80,000 people in Wisconsin and Minnesota.

## Information for Workers

1. Wisconsin residents working in Minnesota
2. Minnesota residents working in Wisconsin

## Information for Employers

3. Wisconsin employers that employ Minnesota residents
4. Minnesota employers that employ Wisconsin residents

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### 1. **I am a resident of Wisconsin working in Minnesota. How does the ending of the reciprocity agreement affect me?**

Beginning January 1, 2010, your Minnesota employer will withhold Minnesota income taxes from personal service income, such as salaries, wages, commissions and fees.

Your Minnesota employer will use the federal Form W-4 or the Minnesota W-4MN to determine the amount of Minnesota income tax to be withheld from your wages. Contact your Minnesota employer if you have questions about Form W-4 or Form W-4MN.

*Will my employer withhold Wisconsin tax from my wages?*

No, Wisconsin income taxes will not be withheld from that income. See special withholding arrangement announced by the Secretary of Revenue.

*Will I need to make Wisconsin estimated tax payments?*

Every situation is different but generally, the credit for income tax paid to Minnesota will offset the Wisconsin income tax on the Minnesota wages so estimated tax payments will not be required. However, if you have income not subject to withholding such as interest, dividends, capital gains, unemployment compensation, etc., you may need to make estimated tax payments.

*What do I need to do?*

- File a 2019 Minnesota income tax return in 2020 as a nonresident. All personal service income earned in Minnesota will be reported to Minnesota.
- File a 2019 Wisconsin income tax return (Form 1) in 2020. You will report all income received, including wages earned in Minnesota, on your Wisconsin return. Wisconsin will allow a credit for the net income tax paid to Minnesota on income that is taxed by both Wisconsin and Minnesota.

*Questions?*

If you have questions about Wisconsin income tax, contact the Wisconsin Department of Revenue:

- (608) 266-2486
- [DORIncome@wisconsin.gov](mailto:DORIncome@wisconsin.gov)


If you have questions about Minnesota income tax, contact the Minnesota Department of Revenue:

- (651) 296-3781 or (800) 652-9094
- TTY: Call 711 for Minnesota Relay
- [individual.incometax@state.mn.us](mailto:individual.incometax@state.mn.us)
- [Minnesota DOR website](#)

## **2. I am a resident of Minnesota working in Wisconsin. How does the ending of the reciprocity agreement affect me?**

Beginning January 1, 2010, your Wisconsin employer will withhold Wisconsin income taxes from your personal service income such as salaries, wages, commissions and fees earned.

*What do I need to do?*

- File a  [Form WT-4](#), Wisconsin Withholding Exemption Certificate, with your Wisconsin employer. Form WT-4 is used to determine the amount of Wisconsin income tax to be withheld from your wages. Contact your Wisconsin employer if you have questions about the completion of Form WT-4.
- File a 2019 Wisconsin nonresident income tax return (Form 1NPR) in 2020 if your Wisconsin gross income was \$2,000 or more. All wages earned in Wisconsin are taxable by Wisconsin.
- File a 2019 Minnesota income tax return in 2020. You will report all of your income received, including wages earned in Wisconsin, on your Minnesota tax return. Minnesota may allow a credit for income taxes paid to Wisconsin on income that is taxed by both Wisconsin and Minnesota.

*Questions?*

If you have questions about Wisconsin income tax, contact the Wisconsin Department of Revenue:

- (608) 266-2486
- [DORIncome@wisconsin.gov](mailto:DORIncome@wisconsin.gov)

If you have questions about Minnesota income tax, contact the Minnesota Department of Revenue:

- (651) 296-3781 or (800) 652-9094
- TTY: Call 711 for Minnesota Relay
- [individual.incometax@state.mn.us](mailto:individual.incometax@state.mn.us)
- [Minnesota DOR website](#)

**3. I am a Wisconsin employer that employs Minnesota residents. How does the ending of the reciprocity agreement affect me?**

Beginning January 1, 2010, you must withhold Wisconsin income taxes on wages of Minnesota residents working in Wisconsin. You should ask these employees to complete a [Form WT-4](#), Wisconsin Withholding Exemption Certificate. Form WT-4 is used to determine the amount of Wisconsin income tax to be withheld from employee wages.

You may no longer accept Form W-222, Statement of Minnesota Residency. Form W-222 was previously used by Minnesota residents working in Wisconsin to claim exemption from withholding of Wisconsin income taxes.

**4. I am a Minnesota employer that employs Wisconsin residents. How does the ending of the reciprocity agreement affect me?**

- a. **Minnesota Withholding** – Beginning January 1, 2010, you must withhold Minnesota income taxes on the wages of Wisconsin residents working in Minnesota. Use federal [Form W-4](#), Employee's Withholding Allowance Certificate, to determine the amount of Minnesota income tax to be withheld from your employees' wages.
- b. **Wisconsin Withholding** – Employers are not required to withhold Wisconsin income tax from wages of Wisconsin residents employed in Minnesota. The Secretary of Revenue has authorized a [special withholding arrangement](#) for employers of Wisconsin residents working in Minnesota.

Note: Minnesota employers who no longer have a withholding obligation for Wisconsin, should inactivate their Wisconsin withholding tax account.

*Questions?*

If you have questions about Wisconsin withholding tax, contact the Wisconsin Department of Revenue:

- (608) 266-2776
- [DORWithholdingTax@wisconsin.gov](mailto:DORWithholdingTax@wisconsin.gov)

## Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of November 8, 2019: Sections 71.03, 71.04, 71.07, 71.09, 71.10 and 71.64, Wis. Stats., and secs. Tax 2.02 and 2.90, Wis. Adm. Code.

Laws enacted and in effect after November 8, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to November 8, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

### FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

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Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

Guidance Document Number: 100220

November 8, 2019

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