



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

February 18, 2014

MEMORANDUM

To: Representative Sargent

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Subject: Technical Memorandum to **2013 AB 757** (LRB-3781/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 13, 2014

TO: Marc Shovers
Legislative Reference Bureau

FROM: Mike Wagner
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 757: Relating to Creating a Nonrefundable Individual Income Tax Credit Based on the Federal Tax Credit for Certain Expenses for Household and Dependent Care Services

The Department has the following concerns related to the bill:

Current law (sec. 71.05(6)(b)43.) provides a subtraction from income for the same expenses that are used to compute the new credit. This bill would allow the taxpayer to claim both the subtraction and the credit based on the same expenses.

If a married couple uses a different filing status for Wisconsin and federal purposes, it may be unclear who should receive the state credit. For federal purposes, a married couple must file a joint return unless certain living apart conditions are met (sec. 21(e), IRC). If, for example, a married couple files jointly on a federal return but files separately on a Wisconsin return, it would be unclear which spouse should receive the state credit. Adopting sec. 21(e) of the IRC would ensure that the same person who received the federal credit would also receive the state credit.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@revenue.wi.gov.

cc: Representative Sargent