

**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.

| Document Number | Document Title |
|------------------------|--|
| 100270 | Unemployment Compensation - Common Questions |

State of Wisconsin
Department of Revenue

Unemployment Compensation

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.

1. Is my unemployment compensation taxable for Wisconsin?
2. Is the additional \$600 a week in unemployment compensation as a result of the federal CARES Act taxable for Wisconsin?
3. How do I figure the amount of unemployment compensation I can subtract for Wisconsin?
4. Where is my unemployment compensation reported on my income tax return?
5. Will I receive a form indicating my total unemployment compensation received from Wisconsin for the year?
6. Are Wisconsin income taxes withheld from my unemployment compensation?
7. Do I need to make estimated income tax payments?

1. **Is my unemployment compensation taxable for Wisconsin?**

Wisconsin law may allow you to subtract a certain amount of unemployment compensation that is included in your federal adjusted gross income, if your federal adjusted gross income exceeds a certain base amount (sec. 71.05(6)(b)8., Wis. Stats.). For purposes of computing the subtraction, your federal adjusted gross income includes the amount of unemployment compensation you received, but does not include any amount of taxable social security benefits received or taxable refunds, credits, or offsets. Your federal adjusted gross income must exceed the following base amounts, depending on your filing status:

- Single - \$12,000
- Married filing joint return - \$18,000
- Married filing separate return and did not live with your spouse at all during the year - \$12,000
- Married filing separate return and lived with your spouse at any time during the year - \$0

2. Is the additional \$600 a week in unemployment compensation as a result of the federal CARES Act taxable for Wisconsin?

The amount may be taxable for Wisconsin. To figure if the amount is taxable, see Question 3.

3. How do I figure the amount of unemployment compensation I can subtract for Wisconsin?

The amount of unemployment compensation which is taxable for Wisconsin is equal to the lesser of the following:

- o One-half of the amount of excess unemployment compensation over the base amount
- o The amount of unemployment compensation received during the year

To figure the subtraction amount, complete the worksheet in the 2019 [Form 1](#) or [1NPR](#) instructions.

Example: You and your spouse are full-year Wisconsin residents and are married filing a joint return. You received \$5,000 of unemployment compensation for the year. You and your spouse's federal adjusted gross income is \$25,000. This amount does not include any social security benefits or taxable refunds, credits, or offsets. The worksheet is completed as follows (this worksheet refers to the 2019 tax forms):

| | | |
|--|-----|--------------|
| 1. Fill in unemployment compensation from line 7 of federal Schedule 1 (Form 1040 or 1040-SR) | 1. | <u>5000</u> |
| 2. Fill in your federal adjusted gross income from line 1 of Form 1 | 2. | <u>25000</u> |
| 3. Enter – | | |
| • \$18,000 if you checked box A; or | | |
| • -0- if you checked box B; or | | |
| • \$12,000 if you checked box C or D | 3. | <u>18000</u> |
| 4. Fill in taxable social security benefits, if any, from line 5b of federal Form 1040 or 1040-SR | 4. | <u>0</u> |
| 5. Fill in taxable refunds, credits, or offsets, if any, from line 1 of federal Schedule 1 (Form 1040 or 1040-SR) | 5. | <u>0</u> |
| 6. Add lines 3, 4, and 5 | 6. | <u>18000</u> |
| 7. Subtract line 6 from line 2. If zero or less, enter -0- here and on line 9 of this worksheet and do not complete line 8. Otherwise, go on to line 8. | 7. | <u>7000</u> |
| 8. Fill in one-half of the amount on line 7. | 8. | <u>3500</u> |
| 9. Fill in the smaller amount of line 1 or line 8. | 9. | <u>3500</u> |
| 10. Subtract line 9 from line 1. Fill in this amount on line 8 of Form 1 as your subtraction for unemployment compensation. If lines 1 and 9 are equal, fill in -0-. 10. | 10. | <u>1500</u> |

In this example, only \$3,500 of your unemployment compensation is taxable. Therefore, you would enter "1500" as a subtraction on 2019 Form 1, line 8.

4. Where is my unemployment compensation reported on my income tax return?

For federal purposes, the amount of unemployment compensation received is reported on 2019 Form 1040 or 1040-SR, Schedule 1, Line 7. For full-year residents of Wisconsin, this amount is included on 2019 Form 1, Line 1. For part-year or nonresidents of Wisconsin, this amount is reported on 2019 For

1NPR, line 13, column A.

5. Will I receive a form indicating my total unemployment compensation received from Wisconsin for the year?

You will be sent 2020 Form 1099-G by January 31, 2021. The amount of unemployment compensation received is reported in box 1 of Form 1099-G. You may also view and print Form 1099-G online. For additional information, go to the Department of Workforce Development's [1099-G Tax Information](#) page.

6. Are Wisconsin income taxes withheld from my unemployment compensation?

Wisconsin income taxes are only withheld from your unemployment compensation upon request. For more information and to make a request, visit the Department of Workforce Development's [Federal and State Income Tax Withholding](#) page.

7. Do I need to make estimated income tax payments?

If you do not request to have Wisconsin income taxes withheld, you may need to make Wisconsin estimated income tax payments. Review, the [2020 Form 1-ES instructions](#) to determine if estimated tax payments are required.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of July 1, 2020: Chapter 71, Wis. Stats.

Laws enacted and in effect after July 1, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to July 1, 2020, 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: 100270

July 1, 2020

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