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STATE OF WISCONSIN

Date: February 29, 2024

DMS/DECE/BWF Operations Memo 24-J1

To: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
TMJ Contractors, Subcontractors, and Staff
TJ Contractors, Subcontractors, and Staff
Training Staff
Child Care Coordinators

From: Jonelle Brom, Director
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Division of Medicaid Services
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Department of Children and Families

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Bureau of Child Care Subsidy Administration
Division of Early Care and Education
Department of Children and Families

Affected Programs:

- BadgerCare Plus
- Caretaker Supplement
- Children First
- Emergency Assistance
- FoodShare
- FoodShare Employment and Training
- Job Access Loan
- Job Center Programs
- Medicaid
- Other Employment Programs
- Refugee Assistance Program
- SeniorCare
- Transitional Jobs
- Transform Milwaukee Jobs
- Wisconsin Shares Child Care
- Wisconsin Works
- Workforce Innovation and Opportunity Act

Earned Income, Homestead, and Other Tax Credits

CROSS-REFERENCE

- TMJ/TJ Policy Manual, [Section 2.3.1.2 Disregarding Annual Income and 3.12 Tax Credits](#)
- W-2 Manual, [Sections 3.2.9.1 Disregarded Income, 3.3.4.5 Federal Income Tax Refunds](#)
- Wisconsin Shares Handbook, [Section 6.3 Disregarded Income](#)

- BadgerCare Plus Handbook, [Section 16.2 Income Types Not Counted](#)
- Medicaid Eligibility Handbook, [Sections 15.5.7 Income Tax Refunds](#), [15.5.15 Earned Income Tax Credit](#), [16.7.7 Income Tax Refunds](#), and [16.7.8 Earned Income Tax Credit](#)
- SSI Caretaker Supplement (CTS) Handbook, [Section 3.2 Financial](#)

EFFECTIVE DATE

Immediately

PURPOSE

This operations memo provides information on the following:

- Tax year 2023 information on tax credits and tax preparation services available to working families in Wisconsin.
- A reminder to Wisconsin Works (W-2) and Income Maintenance (IM) agencies of the importance of notifying program participants of the financial advantages of federal and state tax credits.
- A reminder on how to count federal and state tax refunds when determining financial eligibility for assistance.

BACKGROUND

Several federal and state tax credits available to eligible working families may reduce their tax burden and increase their income. The table below summarizes the maximum tax credit amounts available to working individuals and families.

Summary of Tax Year 2023 Maximum Tax Credits with Income Eligibility Limits

Number of Qualifying Children	Federal Earned Income Credit (EITC)	Wisconsin Earned Income Credit (EIC)	EITC and EIC Income Limits (Federal and State)	Wisconsin Homestead Credit	Wisconsin Homestead Credit Income Limit	Federal Child Tax Credit (CTC)
0	\$600	No credit available	\$17,640 (single) \$24,210 (married)	\$1,168	\$24,680	\$0
1	\$3,995	\$160	\$46,560 (single) \$53,120 (married)			\$2,000/child under 17
2	\$6,604	\$726	\$52,918 (single) \$59,478 (married)			
3 or more	\$7,430	\$2,526	\$56,838 (single) \$63,398 (married)			

RELATED INCOME POLICIES

Federal tax refunds are disregarded income and will not disqualify working families from the programs listed below. Where applicable, agencies must continue to follow current policy when counting state tax refunds.

W-2 and Other Programs

W-2 agencies must disregard the entire amount of any federal income tax refund, including from tax credits, as income in the month received and as an asset for 12 months following the date of receipt. If there is a remaining, unspent portion of the refund after the 12-month disregard period has passed, the agency must count that portion as an available asset.

W-2 agencies must disregard as income the portion of a state income tax refund resulting from the Wisconsin EIC in the month received. Agencies must count any remaining amount in a subsequent month as an available asset.

W-2 agencies and Financial and Employment Planners need to be aware that W-2 paid placement benefits (i.e., Community Service Job, W-2 Transition, At-Risk Pregnancy, Stipends for Noncustodial Parents, And Custodial Parent of an Infant payments) are not considered earned income. They are not subject to income tax credits. However, employment outside of W-2 and any pay received from an employer through participation in Transform Milwaukee Jobs (TMJ), Transitional Jobs (TJ), or the Trial Employment Match Program during 2023 are applicable for income tax credits.

Refugee Cash Assistance Program

W-2 agencies must disregard the entire amount of any federal income tax refund as income in the month received and as an asset for 12 months following the date of receipt for the Refugee Cash Assistance program. Agencies must disregard as income the portion of a state income tax refund resulting from the Wisconsin EIC in the month received.

Wisconsin Shares Child Care Subsidy Program

Wisconsin Shares Child Care agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income.

BadgerCare Plus and Family Planning Only Services

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income for BadgerCare Plus and Family Planning Only Services.

Medicaid and Caretaker Supplement

IM agencies must disregard all federal and state income tax refunds (including the credits listed in the table on page two) as income. IM agencies must disregard all federal income tax refunds and credits as assets for 12 months following the month of receipt. If there is a remaining, unspent portion of the

refund or credit after the 12-month disregard period has passed, agencies must count that portion as an available asset. All state income tax refunds and credits are considered available assets in the month after the month of receipt.

FoodShare

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page two) as income. For households that include an elderly, blind, or disabled member with income over 200% of the federal poverty level and that are subject to regular FoodShare SNAP rules, IM agencies must disregard any remaining portion of a federal and state income tax refund, rebate, or credit from the asset test for 12 months following the month the refund is received. Count the remaining EITC tax refund, rebate, or credit as an asset for elderly, blind, or disabled households with income over 200% of the federal poverty limit when the household has lost eligibility for more than 30 days and is reapplying for benefits.

AVAILABLE TAX CREDITS

Federal and Wisconsin Earned Income Tax Credits (EITC)

The federal EITC and Wisconsin EIC are available to working individuals with low or moderate incomes. Individuals must have earned income from employment or self-employment to qualify for these tax credits. When an individual's tax credit exceeds the amount of taxes they owe, the individual qualifies for a tax refund. To be eligible for a tax refund, individuals must meet certain requirements and file a tax return, even if they do not owe any taxes.

The Internal Revenue Service (IRS) has an [interactive EITC Assistant tool](#) that assists individuals with determining if they can claim the federal EITC and calculating the amount of the credit.

For more information about the federal EITC, refer to the [IRS website](#).

For more information on the Wisconsin EIC, refer to the [Wisconsin Department of Revenue \(DOR\) website](#).

Wisconsin Homestead Credit

The Wisconsin homestead credit is available to low-income Wisconsin residents who rent or own their homes. This credit is meant to lessen the impact of property taxes and rent. To qualify, an individual (or spouse if married) must be 62 or older, disabled, or have earned income.

The following provisions apply to individuals who received a W-2 payment in tax year 2023:

- If an individual received **any** amount of a W-2 payment in 2023, the individual's property taxes and rent are reduced by one-twelfth for **each** month the individual received payment.
- If an individual received a W-2 payment for all 12 months of 2023, the individual is not eligible for the homestead credit.

Similar provisions apply to county relief payments of \$400 or more received in tax year 2023.

For more information about the homestead credit, refer to the [Wisconsin DOR website](#).

Federal Child Tax Credit (CTC)

The federal CTC is available to families with a qualifying child. If the amount of the CTC is greater than the income tax a family owes, the family may receive up to \$1,600 of the credit as a refund.

The IRS has an [interactive interview](#) that assists families with determining if they are eligible for the CTC.

For more information about the CTC, refer to the [IRS website](#).

Federal Child and Dependent Care Credit (CDCC)

The federal CDCC is available to families who pay out-of-pocket expenses for the care of children, adult dependents, or an incapacitated spouse to work or look for work. If a family does not earn enough money to owe federal income taxes, or if the family's CDCC exceeds the amount of taxes it owes, the family cannot benefit from the credit.

The IRS has an [interactive interview](#) that assists families with determining if they are eligible for the CDCC.

For more information about the CDCC, refer to the [IRS website](#).

Filing Taxes for Previous Years

Individuals may file for federal tax credit refunds for the three previous tax years (i.e., 2020, 2021, and 2022) even if they have not filed tax returns for these years. If applicable to their situation, they would still be eligible to receive EITCs and CTCs for those previous years.

For more information on filing a tax return for a prior year, call the IRS phone number for individual assistance at 800-829-1040 or visit the [IRS website](#).

TAX PREPARATION RESOURCES

Volunteer Income Tax Assistance

The Volunteer Income Tax Assistance (VITA) program offers tax preparation help to low-income individuals, individuals with disabilities, and limited English-speaking taxpayers. IRS-certified volunteers provide free basic income tax return preparation with electronic filing at various sites in local communities. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping centers, and other convenient locations. Most VITA sites are open from February 1 through April 15, and some require an appointment.

To find a VITA site, call 800-906-9887 or use the [VITA Locator Tool on the IRS website](#). For more information about the VITA program, visit the [IRS website](#).

Tax Counseling for the Elderly

The Tax Counseling for the Elderly (TCE) program offers free tax preparation help for all taxpayers who are 60 or older. The TCE program specializes in questions about pensions and retirement-related issues unique to seniors. The American Association of Retired Persons (AARP) Foundation operates most TCE sites through its Tax-Aide program, which provides tax assistance for all taxpayers, with a special focus on taxpayers 50 or older. AARP's volunteer tax preparers are IRS-certified.

To find an AARP Tax-Aide site, call 1-888-687-2277 or visit the [AARP website](#). For more information about the TCE program, visit the [IRS website](#).

Fees and Commercial Tax Preparation

Some tax preparation companies take advantage of taxpayers by offering money up front to individuals seeking tax refunds but charge high interest rates and fees to access the funds. Some companies also charge preparation fees that reduce an individual's tax refund amount, while others offer the refund amount via a high-fee debit card.

Agencies should inform participants about these types of tax preparation services and encourage participants not to sign anything without fully understanding the terms and conditions of the contract. Agencies should encourage participants to use VITA sites. These sites are free and have free electronic tax filing, which can result in a speedier tax return.

Tax-Related Scams

The IRS maintains a webpage listing consumer alerts and common scams during tax season. Some to be aware of include:

- Callers claiming to be IRS employees who tell victims they owe money that must be paid by gift card, debit, or wire transfer.
- Fraudulent emails using the IRS logo or with links to fake websites intended to mirror the official IRS website; these emails seek to obtain an individual's personal and financial information.

The IRS will never call taxpayers for immediate payment using a specific payment method and will not contact taxpayers by email, text, or social media to request personal or financial information.

Visit the [IRS Tax Scams/Consumer Alerts webpage](#) for more information regarding tax scams and consumer alerts. Visit the [IRS Report Phishing and Online Scams webpage](#) to report tax-related scams and learn what to do if a suspicious communication is received.

Tax Information in Other Formats

The IRS website can be displayed in Spanish, Chinese, Korean, Russian, Haitian Creole, and Vietnamese. The IRS operates local Tax Assistance Centers (TACs), providing free over-the-phone interpreter services in over 170 languages. Refer to the [IRS website](#) to find a list of TACs in Wisconsin. To use a Telecommunications Relay Service for persons with hearing or speech disabilities, dial 711.

AGENCY ACTION

All W-2 and IM agencies must inform program participants of the advantages of claiming available tax credits and free tax return preparation services in the community. Agencies may provide the information in any combination of methods, including face-to-face contact, posting of information in customer service areas, handing out information sheets, including information in an existing mailing to the participant, and any other suitable means that provide increased awareness to families requesting or receiving assistance.

A sample handout is provided as an attachment to this memo.

NOTE: The Department of Children and Families no longer completes a mass mailing of the attached handout to W-2 program participants. W-2 agencies are responsible for sharing this information with program participants. This includes sharing it with job seekers and employed participants.

Each year, the Center for Budget and Policy Priorities leads the national Get It Back Campaign to assist local agencies in publicizing the EITC, the CTC, and free tax filing assistance. The Get It Back Campaign website provides an outreach kit with tax credit information, outreach tools and strategies, and other helpful information. The website also provides printable fact sheets, printable posters in English and Spanish, and flyers in 24 languages. The kit and outreach materials are available at the [campaign website](#).

ATTACHMENT

2023 Tax Credits Flyer

CONTACTS

DHS CARES Problem Resolution Team

For Wisconsin Shares Child Care policy questions outside of Milwaukee County: Bureau of Regional Operations (BRO), Child Care Coordinators at broccpolicyhelpdesk@wisconsin.gov

For Child Care CARES/CWW and CSAW processing questions statewide and policy questions in Milwaukee County: Child Care Subsidy and Technical Assistance line at childcare@wisconsin.gov or 608-422-7200

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For W-2 Policy Questions: DCFW2PolicyQuestions@wisconsin.gov

For W-2 CARES Processing Questions: [BWF Work Programs Help Desk](#)

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