



DEPARTMENT OF CHILDREN
AND FAMILIES
Secretary Eloise Anderson
201 East Washington Avenue, Room G200
P.O. Box 8916
Madison, WI 53708-8916
Telephone: 608-266-8684
Fax: 608-261-6972
www.dcf.wisconsin.gov

DEPARTMENT OF HEALTH SERVICES
Secretary Kitty Rhoades
1 West Wilson Street
P.O. Box 7850
Madison, WI 53707-7850
Telephone: (608) 266-9622
FAX: (608) 266-7882
www.dhs.wisconsin.gov

**State of Wisconsin
Governor Scott Walker**

**TO: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Training Staff
Child Care Coordinators**

FROM: Shawn Smith, Bureau Director
Bureau of Enrollment Policy & Systems
Division of Health Care Access and Accountability
Department of Health Services

Katherine McGurk, Director
Bureau of Early Learning and Policy
Division of Early Care and Education
Department of Children and Families

Margaret McMahon, Director
Bureau of Working Families
Division of Family and Economic Security
Department of Children and Families

BEPS/BELP/BWF OPERATIONS MEMO					
No: 15-J1					
DATE: 03/20/2015					
FS	<input checked="" type="checkbox"/>	MA	<input checked="" type="checkbox"/>	BC+	<input checked="" type="checkbox"/>
SC	<input type="checkbox"/>	CTS	<input checked="" type="checkbox"/>	FSET	<input type="checkbox"/>
BC+ Basic	<input type="checkbox"/>	BC+ CORE	<input type="checkbox"/>		
CC	<input checked="" type="checkbox"/>	W-2	<input checked="" type="checkbox"/>	EA	<input checked="" type="checkbox"/>
CF	<input type="checkbox"/>	JAL	<input checked="" type="checkbox"/>	RAP	<input checked="" type="checkbox"/>
Other EP	<input type="checkbox"/> *				

SUBJECT: Earned Income, Homestead, and Other Tax Credits

CROSS REFERENCE: W-2 Manual, [Chapter 3](#)
[Wisconsin Shares Child Care Assistance Manual](#), 1.6.11
[BadgerCare Plus Handbook](#), 16.2
[Medicaid Handbook](#), Sections 15.4.20, 15.5, and 16.7.8
[Caretaker Supplement Handbook](#), 3.2
[FoodShare Handbook](#), Sections 4.3.2.2, 4.4.1.4, and 4.5.5

EFFECTIVE DATE: Immediately

PURPOSE:

This memo provides information on the following:

- Tax year 2014 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:

There are a number of federal and state tax credits available to eligible working families that can reduce their tax burden and increase their income. The table below provides a summary of the maximum amounts of tax credits that may be available to working individuals and families.

Summary of 2014 Maximum Tax Credits with Income Eligibility Limits

Number of Qualifying Children	Federal Earned Income Tax Credit (EITC)	Wisconsin EITC	EITC Income Limits (state and federal)	Wisconsin Homestead Credit (HC)	Wisconsin HC Income Limits	Federal Child Tax Credit
Zero	Up to \$496	\$0	< \$14,590 < \$20,020 (Married)	Up to \$1,168	\$24,680	\$0
One	Up to \$3,305	Up to \$132	< \$38,511 < \$43,941 (Married)	Up to \$1,168	\$24,680	Up to \$1,000
Two	Up to \$5,460	Up to \$600	< \$43,756 < \$49,186 (Married)	Up to \$1,168	\$24,680	Up to \$2,000
Three or More	Up to \$6,143	Up to \$2,088	< \$46,997 < \$52,427 (Married)	Up to \$1,168	\$24,680	Up to \$1,000 per child

RELATED INCOME POLICIES:

Under the Tax Relief Act of 2012, which was signed into law on January 2, 2013, the provision requiring federally and state-funded programs to disregard federal tax refunds as income and assets is permanently extended. Federal tax refunds will not disqualify working families from programs listed below because it is disregarded income. Where applicable, agencies must continue to follow current policy when counting state tax refunds.

W-2, EMERGENCY ASSISTANCE, AND JOB ACCESS LOANS:

W-2 agencies must disregard the entire amount of any federal tax refunds 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.

REFUGEE ASSISTANCE PROGRAMS:

W-2 agencies must disregard federal income tax refunds as income in the month received and as an asset for 12 months following the month of receipt for Refugee Assistance programs.

WISCONSIN SHARES CHILD CARE ASSISTANCE:

Wisconsin Shares Child Care agencies must disregard federal and state income tax refunds including the credits listed above.

BADGERCARE PLUS:

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page 2) as income for the BadgerCare Plus and Family Planning Only Services programs.

MEDICAID AND CARETAKER SUPPLEMENT:

IM agencies must disregard federal income tax refunds, rebates, and credits as income in the month received and for 12 months following the month of receipt for the Medicaid and Caretaker Supplement programs. 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.

FOODSHARE:

IM agencies must disregard federal and state income tax refunds (including the credits listed in the table on page 2) as income. For households that include an elderly, blind, or disabled member with income over 200 percent of the Federal Poverty Level and that are subject to regular FoodShare 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.

AVAILABLE TAX CREDITS:**FEDERAL AND WISCONSIN EARNED INCOME TAX CREDITS:**

The Earned Income Tax Credit (EITC) is available to working individuals who have low or moderate income. To qualify for the EITC, individuals must have earned income from employment or self-employment. When an individual's EITC exceeds the amount of taxes he or she owes, the individual qualifies for a tax refund. To qualify for a tax refund, individuals must meet certain requirements and file a tax return, even if they don't owe any tax or are not required to file a tax return.

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

For more information on the federal EITC, refer to [IRS Publication 596](#).

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

WISCONSIN HOMESTEAD CREDIT:

The Wisconsin Homestead Credit (HC) is available to low income Wisconsin residents who rent or own their home. The credit may lessen the impact of property taxes and rent on individuals with lower incomes.

The following provisions apply to individuals who received a W-2 payment (Community Service Job [CSJ], W-2 Transition [W-2 T], At Risk Pregnancy [ARP], or Custodial Parent of an Infant [CMC]) in tax year 2014:

- If an individual received **any** amount of a W-2 payment in 2014 for any month in 2014, 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 2014, the individual is not eligible for the HC.

Similar provisions apply to county relief, Kinship Care, and other cash public assistance payments (such as adoption assistance and federal or state disaster grants) received in tax year 2014.

For more information on the HC, refer to the [Wisconsin DOR website](#).

FEDERAL CHILD TAX CREDIT:

The Child Tax Credit (CTC) is designed to assist working families by offsetting the cost of raising children and is available to families with a qualifying child. If the amount of the CTC is greater than the amount of income tax a family owes, the family may receive part or all of the difference as an Additional Child Tax Credit (ACTC).

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

For more information on the CTC, refer to [IRS Publication 972](#).

FEDERAL CHILD AND DEPENDENT CARE CREDIT:

The Child and Dependent Care Credit (CDCC) is available to families that pay work-related expenses for the care of children, adult dependents, or an incapacitated spouse. The purpose of the credit is to allow families to be gainfully employed. If a family does not earn enough money to owe federal income taxes, it cannot benefit from the credit.

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

FILING TAXES FOR PREVIOUS YEARS:

Individuals may file for tax credit refunds for the last three years (i.e., 2012, 2013 and 2014) even if they have not filed tax returns for these years. If applicable to their situation, they would still be eligible to receive EICs and CTCs for those previous years.

For more information on how to file a tax return for a prior year, call the IRS Tax Help Line at 1-800-829-1040.

TAX PREPARATION RESOURCES:

VOLUNTEER INCOME TAX ASSISTANCE:

The Volunteer Income Tax Assistance (VITA) program is available to help low income individuals prepare their tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals in local communities. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping centers, churches, retirement homes, and other convenient locations. Most VITA sites are open from February 1 through April 15.

To find a VITA site, call 1-800-906-9887 or refer to the [IRS website](#).

TAX COUNSELING FOR THE ELDERLY (TCE):

The Tax Counseling for the Elderly (TCE) program is available to individuals who are 60 years of age or older; it specializes in questions about pensions and retirement issues unique to seniors. The American Association of Retired Persons (AARP) supports the TCE program. AARP's Tax-Aide volunteers are IRS-certified.

To find a TCE site, call 1-888-227-7669 or visit the [AARP website](#).

FEES AND COMMERCIAL TAX PREPARATION:

Some tax preparation companies offer money up front to individuals seeking tax refunds, often based only on the last paycheck of 2014. News articles indicate that some of these companies charge very high interest rates and fees (e.g., from 30 percent up to 60 percent). As a result, individuals can lose much of their tax refund.

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 utilize VITA sites. These sites are free and have free electronic tax filing, which can result in a speedier tax return.

ACTION REQUIRED:

All W-2 and IM agencies should inform program participants of the advantages of claiming available tax credits, and of available free tax return preparation assistance 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 will provide increased awareness to families requesting or receiving assistance.

A sample handout is provided as an attachment to this Operations Memo.

- **NOTE:** The Department of Children and Families did not complete a mass mailing of the attached handout to W-2 program participants this year. W-2 agencies are responsible for sharing this information with program participants. This includes sharing it with job seekers as well as employed participants.

To help with outreach, each year the [Center for Budget and Policy Priorities](#) (CBPP) prepares a kit containing many of the resources agencies might need to conduct an effective campaign to publicize the EITC and ensure its accessibility to the families they serve. The [2015 Tax Credit Outreach Kit](#) includes Tax Credit Information, Outreach Tools and Strategies, Fact Sheets, EITC posters, handouts in English and Spanish, an EITC campaign guide, and other helpful information. Agencies can send an e-mail to eitckit@cbpp.org for a free copy of this kit, or they can call CBPP outreach staff at 202-408-1080.

Additional kits are available at a nominal charge.

ATTACHMENT:

2015 Participant Handout

CONTACTS:

BEPS CARES Information & Problem Resolution Center

For Child Care policy questions outside of Milwaukee County: Bureau of Regional Operations (BRO), Child Care Coordinators at

http://dcf.wisconsin.gov/regional_operations/pdf/contact_list.pdf

For Child Care CARES/CWW, CSAW and CCPI IT systems processing questions statewide and policy questions in Milwaukee County: Child Care Help Desk at childcare@wisconsin.gov or (608) 264-1657.

For W-2 Policy Questions in the Balance of State: Bureau of Regional Operations, W-2 Regional Coordinators

For W-2 Policy Questions in Milwaukee: Milwaukee Operations Section Regional Administrators

For W-2 CARES Processing Questions: W-2 Help Desk

*DHS/DHCAA/BEPS
DCF/DECE/BELP
DCF/DFES/BWF/DDž*