



DEPARTMENT OF CHILDREN
AND FAMILIES
Secretary Eloise Anderson
201 East Washington Avenue, Room G200
P.O. Box 8916
Madison, WI 53708-8916
Telephone: 608-267-3905
Fax: 608-266-6836
www.dcf.wisconsin.gov

DEPARTMENT OF HEALTH SERVICES
Secretary Linda Seemeyer
1 West Wilson Street
P.O. Box 309
Madison, WI 53707-0309
Telephone: 608-266-8922
FAX: 608-266-1096
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: Rebecca McAtee, Director
Bureau of Enrollment Policy and Systems
Division of Medicaid Services
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 McMahan, Director
Bureau of Working Families
Division of Family and Economic Security
Department of Children and Families

BEPS/BELP/BWF OPERATIONS MEMO		
No: 18-J3		
DATE: 03/14/2018		
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"/>
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 checked="" type="checkbox"/>		

SUBJECT: *Earned Income, Homestead, and Other Tax Credits*

CROSS REFERENCE: [W-2 Manual, 3.2.9.1 Disregarded Income](#) and [3.3.4.5 Federal Income Tax Refunds](#)
[Wisconsin Shares Child Care Subsidy Program Policy Manual, 1.5.3 Income that is Not Included in the Financial Eligibility Test](#)
[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](#)
[FoodShare Wisconsin Handbook, Sections 4.3.2.2 Disregarded Earned Income, 4.4.1.4 Disregarded Assets, and 4.5.5 Nonrecurring Lump Sum Payment](#)

EFFECTIVE DATE: Immediately

PURPOSE

This Operations Memo provides information on the following:

- Tax year 2017 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 tax credit amounts that may be available to working individuals and families.

Summary of Tax Year 2017 Maximum Tax Credits With Income Eligibility Limits

Number of Qualifying Children	Federal Earned Income Tax Credit (EITC)	Wisconsin Earned Income Credit (EIC)	EITC and EIC Income Limits (Federal and State)	Wisconsin Homestead Credit (HC)	Wisconsin HC Income Limits	Federal Child Tax Credit (CTC)
Zero (0)	Up to \$510	\$0	< \$15,010 < \$20,600 (Married)	Up to \$1,168	\$24,680	\$0
One (1)	Up to \$3,400	Up to \$136	< \$39,617 < \$45,207 (Married)	Up to \$1,168	\$24,680	Up to \$1,000
Two (2)	Up to \$5,616	Up to \$618	< \$45,007 < \$50,597 (Married)	Up to \$1,168	\$24,680	Up to \$2,000
Three (3) or More	Up to \$6,318	Up to \$2,148	< \$48,340 < \$53,930 (Married)	Up to \$1,168	\$24,680	Up to \$1,000 per child

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, EMERGENCY ASSISTANCE, AND JOB ACCESS LOANS

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 FEPs need to be aware that W-2 paid placement benefits (i.e., Community Service Job [CSJ], W-2 Transition [W-2 T], At Risk Pregnancy [ARP], Stipends for Noncustodial Parents [TSP], and Custodial Parent of an Infant [CMC] payments) are not considered earned income and 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, Transitional Jobs, or the Trial Employment Match Program during 2017 are applicable for income tax credits.

REFUGEE ASSISTANCE PROGRAMS

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 Refugee Assistance programs. 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.

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 the federal EITC and Wisconsin EIC as income in the month received and for 12 months following the month of receipt for the Medicaid programs. If there is a remaining, unspent portion of the refunds after the 12-month disregard period has passed, agencies must count that portion as an available asset. All other federal and state income tax refunds, rebates, and credits are disregarded as income, but are considered available assets. For Caretaker Supplement, the federal EITC and Wisconsin EIC are disregarded in the month of receipt and the following month.

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 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 federal EITC and Wisconsin EIC are available to working individuals with low or moderate incomes. To qualify for these tax credits, individuals must have earned income from employment or self-employment. When an individual's tax credit 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 do not owe any tax.

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

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

For more information on the Wisconsin EIC, 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 lessens the impact of property taxes and rent.

The following provisions apply to individuals who received a W-2 payment (CSJ, W-2 T, ARP, TSP, or CMC) in tax year 2017:

- If an individual received **any** amount of a W-2 payment in 2017 for any month in 2017, 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 2017, the individual is not eligible for the HC.

Similar provisions apply to county relief payments received in tax year 2017.

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

FEDERAL CHILD TAX CREDIT

The federal Child Tax Credit (CTC) is available to working 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.

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 [IRS Publication 972](#).

FEDERAL CHILD AND DEPENDENT CARE CREDIT

The federal Child and Dependent Care Credit (CDCC) is available to families who pay work-related expenses for the care of children, adult dependents, or an incapacitated spouse. 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., 2014, 2015, and 2016) 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 how to file a tax return for a prior year, call the IRS phone number for individual assistance at 1-800-829-1040 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. 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 1-800-906-9887 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, particularly those who are 60 years of age 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 the majority of TCE sites through its Tax-Aide program. 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](#).

FEES AND COMMERCIAL TAX PREPARATION

Some tax preparation companies offer money up front to individuals seeking tax refunds but charge very high interest rates and fees to access the money. Some companies also charge an extra fee to pay tax preparation costs out of an individual's tax refund, while others offer the

refund amount via a high-fee debit card. All of these practices can result in individuals losing a portion of their tax refunds.

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 taxpayers may encounter. The webpage warns of callers claiming to be IRS employees who tell victims they owe money that must be paid promptly via a gift card or wire transfer. The webpage also warns of email messages that fraudulently use the IRS logo or contain links to invalid websites intended to mirror the official IRS website; these emails seek to obtain an individual's personal and financial information. In an effort to help protect taxpayers from tax scams, the IRS has stated, "The IRS doesn't call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer." The IRS has further stated, "The IRS doesn't initiate contact with taxpayers by email, text messages or social media channels to request personal or financial information."

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

TAX INFORMATION IN OTHER FORMATS

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

ACTION REQUIRED

All W-2 and IM agencies must inform program participants of the advantages of claiming available tax credits and of free tax return preparation assistance available 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 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 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 that includes 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 printable flyers in 24 languages. The kit and outreach materials are available at the [campaign website](#).

ATTACHMENT

[2018 Participant Handout](#)

CONTACTS

BEPS CARES Information & Problem Resolution Center

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

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

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

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DCF/DECE/BELP/RH
DCF/DFES/BWF/NH