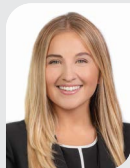


COVID-19: Wisconsin tax relief for individuals and small businesses



Lizbeth M. Free

414.287.9512

lfree@gklaw.com

On April 15, 2020, Wisconsin Governor Tony Evers signed [2019 Wisconsin Act 185 \(Act 185\)](#) into law, in response to the 2019 novel coronavirus (COVID-19) pandemic. Act 185 makes various changes to the Wisconsin tax laws, which may provide economic relief to individuals and small businesses in Wisconsin. Additionally, the Wisconsin Department of Revenue (DOR) has extended numerous filing and payment deadlines for Wisconsin taxpayers.

2019 Wisconsin Act 185

This new legislation in response to COVID-19 amended Wisconsin's income and franchise tax statutes so that all of the following provisions of the [Coronavirus Aid, Relief, and Economic Security Act \(CARES Act\)](#) have been adopted for Wisconsin tax purposes:

- [Section 1106](#). Loan Forgiveness.
- [Section 2202](#). Special Rules for Use of Retirement Funds.
- [Section 2203](#). Temporary Waiver of Required Minimum Distribution Rules for Certain Retirement Plans and Accounts.
- [Section 2204](#). Allowance of Partial Above the Line Deduction for Charitable Contributions.
- [Section 2205](#). Modification of Limitations on Charitable Contributions During 2020.
- [Section 2206](#). Exclusion for Certain Employer Payments of Student Loans.
- [Section 2307](#). Technical Amendments Regarding Qualified Improvement Property.
- [Section 3608](#). Single-Employer Plan Funding Rules.
- [Section 3609](#). Application of Cooperative and Small Employer Charity Pension Plan Rules to Certain Charitable Employers Whose Primary Exempt Purpose is Providing Services with Respect to Mothers and Children.
- [Section 3701](#). Exemption for Telehealth Services.
- [Section 3702](#). Inclusion of Certain Over-the-Counter Medical Products as Qualified Medical Expenses.

Further, Act 185 grants the Secretary of the DOR the authority to waive interest and penalties that accrue during the public health emergency, declared by Governor Evers' Executive Order #72, due to a taxpayer's failure to remit general fund taxes or transportation fund taxes or fees. The date required by law to remit such taxes or fees must fall within the period covered by the

The information contained herein is based on a summary of legal principles. It is not to be construed as legal advice and does not create an attorney-client relationship. Individuals should consult with legal counsel before taking any action based on these principles to ensure their applicability in a given situation.

public health emergency. The Secretary may waive interest and penalties on a case-by-case basis if the Secretary determines that a taxpayer's failure to pay is due to the effects of the COVID-19 pandemic.

For property taxes payable in 2020, Act 185 allows taxation districts, upon a finding of hardship, to waive interest and penalties for late installment payments scheduled to be due after April 1, 2020, if the total amount due is paid on or before October 1, 2020. A taxation district may only waive interest and penalties if the county board of the county where the taxation district is located first adopts a resolution authorizing such waiver and establishing criteria for determining hardship, and the taxation district subsequently adopts a similar resolution.

Act 185 also permits the DOR to extend any other filing or payment deadline, which does not relate to general fund, transportation fund or property taxes, if the deadline falls within the period covered by the public health emergency, or thirty days thereafter. The deadline may be extended until the end of such period. The DOR may not charge interest or penalties that would otherwise apply with respect to the extended deadline.

Act 185 amended several other Wisconsin tax statutes, which may benefit individuals and small businesses. For example, the legislation allows taxpayers to file certain property tax claims for taxes due and payable in 2020, so long as such taxes are paid by October 1, 2020, or by any installment date for which taxes are due after October 1, 2020.

Income tax and other deadlines extended to July 15

The DOR automatically [extended the income tax payment and return due dates to July 15, 2020](#). The extension applies to all income tax payments, first quarter estimated income tax payments and returns scheduled to be due April 15, 2020. This extension allows taxpayers, including individuals and small businesses, to postpone filing and payment of income taxes with no interest or penalties accruing through the extension date. Additionally, there is no limit on the amount of payment that can be postponed and there are no income exclusions. Taxpayers are not required to file any extension forms to be eligible for this relief.

The DOR has also [extended payment and return due dates to July 15, 2020 for franchise taxes, pass-through withholding taxes and second quarter estimated payments](#) scheduled to be due on or after April 1, 2020, and before July 15, 2020. Taxpayers may now delay payment of these taxes until the extension date without accruing interest or penalties. These state payment and filing deadlines generally follow the federal deadlines set by the Internal Revenue Service, which should ease the compliance burden for taxpayers seeking federal and state tax relief.

Sales and use tax and other deadline extensions

In addition to these extensions, [Wisconsin taxpayers may request a filing and payment extension](#) for Wisconsin and county sales and use, employer withholding, and excise taxes and returns scheduled to be due March 12, 2020, through May 11, 2020, to May 11, 2020. This extension may be granted to taxpayers whose ability to file and pay is affected by the COVID-19 pandemic.

If an extension is granted, interest will not accrue through the extension date. Taxpayers may also request that the DOR extend the filing and payment deadline for certain other taxes and fees to June 10, 2020, which may provide additional relief for taxpayers, particularly small businesses.