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## Wisconsin Department of Revenue

### Special Withholding Arrangement Related to Wisconsin-Minnesota Income Tax Reciprocity Termination

The Secretary of Revenue has authorized a special withholding arrangement for employers of Wisconsin residents working in Minnesota.

Wisconsin residents working in Minnesota are subject to withholding of Minnesota income tax from their wages. However, if the employer also does business in Wisconsin (has nexus in Wisconsin), under Wisconsin law the employer would also be required to withhold Wisconsin income tax from the same wages that are subject to the Minnesota withholding.

Based on recent contacts with employers and employees, this causes a hardship for those employees who have both Minnesota and Wisconsin income tax withheld. To alleviate this problem and pursuant to sec. 71.64(7), Wis. Stats., the Secretary authorized a special withholding arrangement in which Wisconsin withholding will not be required under the following circumstances:

- The employee is a legal resident of Wisconsin (i.e., domiciled in Wisconsin) when the wages are earned in Minnesota, and
- The same wages earned by the Wisconsin resident and subject to the withholding of Minnesota income tax would also be subject to the withholding of Wisconsin income tax.

Note: Employees who do not have Wisconsin income tax withheld from the wages earned in Minnesota will be required to make regular estimated tax payments if they expect to owe \$200 or more with their Wisconsin income tax return for the year. Employers may want to inform their employees of this requirement.

The FAQ titled [Withholding and Tax Filing Information Related to Wisconsin-Minnesota Income Tax Reciprocity Termination](#) has been revised to reflect this special withholding arrangement.

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