

WISCONSIN TAX DEDUCTION FOR PRIVATE K-12 SCHOOL TUITION EXPENSES

The tax deduction is one way the state can affirm the vital role parents play in their children's education by giving families meaningful choices in where and how children are educated.

What is the tax deduction for private K-12 school tuition expenses?

Wisconsin Act 20 established a K-12 tuition tax deduction (see Wis. Stat. s. 71.05(6)(b)49) starting in the 2014 tax year. Taxpayers may deduct the private and religious school tuition expenses they have paid, up to \$4,000 for each dependent child in Kindergarten through eighth grade and up to \$10,000 for each dependent child in grades nine through twelve. **The tuition expenses must have been paid on or after January 1 through December 31.**

How much does the deduction benefit families?

The amount that any one family or individual saves is partly dependent on income, how they file, and the resulting tax liability. The deduction is most beneficial to people whose tuition expenses are within the allowable deduction per child and have incomes that incur at least some tax liability. **This is not a tax credit.**

Who is eligible to claim the deduction?*

Anyone who pays tuition expenses at a private K-12 school is eligible. The deduction applies to tuition expenses paid at an institution that meets the definition of a private school under Wisconsin Statutes s. 118.165. A person may claim the deduction for payments made toward a pupil's tuition and mandatory book fees for an eligible institution. A list of recognized private schools can be found at, <https://apps4.dpi.wi.gov/SchoolDirectory/Search/PrivateSchoolsSearch>.

Can I deduct all school-related expenses even if my child receives a scholarship or financial assistance?*

No, taxpayers can only claim the expenses that they have actually paid. Also, tuition does not include amounts paid with a voucher or any amounts paid out as a separate charge, such as:

- Room and board
- Supplies
- Cap and gown fees
- Rentals of equipment
- Meals
- Transportation
- Building
- Personal use items (i.e. uniforms, gym clothes, towels)
- Before-school and after-school child care
- Social and extracurricular activities, including musical or athletic activity fees
- Registration fees
- High school classes not required for graduation and for which no credits towards graduation are given

What does a taxpayer need to do to claim the deduction?

Families need to make certain that the school where their dependent child is enrolled meets the statutory definition of a private school (list can be found here: <https://apps4.dpi.wi.gov/SchoolDirectory/Search/PrivateSchoolsSearch>); find the federal employer ID number (FEIN) of the school; and save payment records (receipts, etc.) as supporting documentation for their tax record. The Wisconsin Department of Revenue (DOR) 2015 draft publication, Schedule PS is available here: <https://www.revenue.wi.gov/forms/2015/SchedulePS.pdf> with more information on how to claim the deduction. The official document to use for the tax deduction will be posted on the DOR website in time for the 2015 tax season.

What if my student is going from elementary or middle school to high school?

If a student is in both elementary school and secondary school in the same taxable year (i.e. a student goes from eighth to ninth grade), the taxpayer may claim the tuition expenses that were paid for each grade up to the respective limits for each student category (elementary and secondary), but the total deduction amount can not exceed \$10,000.

* Based on Wisconsin DOR 2015 draft publication, Schedule PS, available here: <https://www.revenue.wi.gov/forms/2015/SchedulePS.pdf>

TUITION DEDUCTION EXAMPLES

Example 1

A couple makes \$60,000 in income and spends \$2,500 for their elementary student in 2014. When the family files their taxes in 2015 their tax obligation is reduced from \$3,762 to \$3,605, a savings of \$157.

Example 2

A family with two high school students makes \$90,000 in income and spends \$7,500 per student on tuition in 2014 (for a total of \$15,000). With the deduction the family's taxes are reduced from \$5,643 to \$4,703, savings of \$940.

Example 3

A mother makes \$46,000 in income and sends her two children to a private elementary school that charges \$2,000 per student for tuition. Her taxes before the deduction is \$2,884. After the \$4,000 deduction her taxes are \$2,633. This saves her \$251.

Example 4

A family makes \$120,000 and has 3 students in private school – 1 elementary, 1 middle school, and 1 that finished 8th grade and started high school. Tuition for the youngest was \$3,000, and for the middle school student \$4,100. For the student who started high school tuition was \$2,000 for the 2nd semester of 8th grade and \$3,500 for the 1st semester of high school. In 2015 the family may claim a tax deduction of \$12,500, which is the full tuition amount paid for the youngest, the maximum amount for the middle school student and the tuition paid for the 8th grader entering high school. With the deduction the family's tax obligation goes from \$7,131 to \$6,348, savings of \$783.

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