

WISCONSIN EXPANDS CHILD AND DEPENDENT CARE TAX CREDIT

Wisconsin families received a significant boost with the recent signing of [Assembly Bill 1023](#). The bill was signed into law by Governor Tony Evers on Monday, March 4, 2024. This groundbreaking legislation, effective immediately for the 2024 tax year, expands the state's child and dependent care tax credit from 50% to 100% of the federal credit, potentially providing substantial relief to families grappling with childcare expenses.

The amended law not only doubles the benefit percentage, but it also raises the cap on allowable childcare expenses, allowing taxpayers to claim up to \$10,000 for one dependent and \$20,000 for two or more dependents. Governor Evers emphasizes that this change will result in a maximum credit ranging from \$2,000 to \$3,500 for one dependent and \$4,000 to \$7,000 for two or more dependents, offering tangible financial support to Wisconsin families.

Following the rejection of the remaining components of a Republican-backed tax cut package, the political terrain surrounding tax cuts and credits has garnered significant attention. Last week, Governor Evers rejected three tax-cutting proposals: [AB 1020](#), aimed at expanding the state's second-lowest income tax bracket; [AB 1021](#), which sought to increase the retirement income exclusion to \$75,000 for individuals; and [AB 1022](#), which proposed raising the maximum income tax credit for married couples from \$480 to \$870.

Despite being the sole tax bill signed by Governor Evers among several sent by the Republican-led legislature, the impact of this legislation is far-reaching. The changes will affect more than 110,000 taxpayers, with an average benefit of over \$656, according to the governor's office.

For questions or further information relating to the Wisconsin Child and Dependent Care Tax Credit, please contact Attorney [Britany E. Morrison](#).