Assumption B.V.M. Catholic School Community is a Christ-Centered learning environment that advances educational excellence and discipleship.

January 2020

TO: Assumption BVM School Parents

FROM: ABVM Total Board of Catholic Education

RE: **Wisconsin Tax Deduction for Tuition Expenses**

Under a tax deduction included in the approved state budget for the 2014 tax year, the State of Wisconsin made changes that enable you to make the choice to send your children to private school a little more affordable.

This deduction remains in effect for the 2019 tax year. Taxpayers can deduct up to $4,000 for tuition paid for dependent children in grades kindergarten through eighth and up to $10,000 for high school students. The tax deduction has the potential to save Wisconsin parents up to $30 million. Since the tax break is set up as a deduction, the average Wisconsin family would get a $240 tax cut per elementary and middle school child, and a $600 tax cut for each high school student.

It is important to remember the difference between a tax credit and a tax deduction. A tax deduction, like this one for private school tuition, reduces an individual's taxable income but cannot reduce taxable income below zero. If a tax deduction is $1000 and an individual's tax rate is 25 percent, they would receive $250 off their tax bill. A tax credit, on the other hand, directly reduces an individual's tax liability, meaning that a tax credit lowers your tax bill dollar for dollar. Tax credits are often considered subsidies in the tax system, whereas tax deductions represent reductions in a taxpayer's ability to pay. It makes sense that the private school tuition tax break is set up as a deduction, because by paying tuition, an individual has less income available to pay state income taxes.

The Dioceses of Green Bay has prepared a Q&A regarding the tax deduction to better clarify how the deduction works. The Q&A is called "Tuition Tax Talking Points" and can also be found under the Resources tab on the website.