

Procedures

An individual may subtract from federal adjusted gross income any amount of a long-term capital gain if the individual does all of the following:

- Within 180 days after the sale of the asset that generated the gain, invests all of the long-term gain in a qualified Wisconsin business.

Note A list of qualified Wisconsin businesses that have registered with the department for 2014 is available at: revenue.wi.gov/report/q.html#qual.

- Attaches a completed Schedule CG to the individual's Wisconsin income tax return for the taxable year in which the deferral of gain is claimed.

Specific Instructions

Line 3 This is the amount of long-term capital gain that may be deferred if reinvested in a qualified Wisconsin business. Individuals claim the deferral of gain when completing Wisconsin Schedule WD.

Line 4 The date on line 4 must be within 180 days of the date on line 1. If not within 180 days, you do not qualify for the deferral of gain.

Line 5 Complete line 5 if the long-term gain was reinvested in a qualified Wisconsin business. Fill in the name of the business and the federal employer identification number (FEIN) of the business.

Line 7 The basis of the investment is calculated by subtracting the deferred gain (line 3) from the amount of the investment in the qualified Wisconsin business (line 6). The reduced basis will result in a larger gain (or smaller loss) for Wisconsin than for federal purposes when the investment is sold or otherwise disposed of in the future.

Note: If you invested the deferred gain in a qualified Wisconsin business and hold the investment for 5 years, if certain conditions are met you may be able to exclude gain from the sale or disposition of the investment. The business must have been certified by WEDC or registered with the department for the year of the investment and for two of the subsequent four years. The gain that may be excluded does not include the amount of deferred gain.

Attachments

A copy of Schedule CG must be enclosed with your Wisconsin income tax return.

Additional Information

If you have questions about the deferral of gain, contact any Wisconsin Department of Revenue office or write or call:

Customer Service Bureau,
Wisconsin Department of Revenue
Mail Stop 5-77
PO Box 8949
Madison WI 53708-8949

Telephone: 608) 266-2486

You may also email your questions to:
income@revenue.wi.gov