Schedule **CG**

Wisconsin Department of Revenue

Income Tax Deferral of Long-Term Capital Gain

Enclose with Wisconsin Form 1 or 1NPR

2015

Your name	Your social security number
Spouse's name if filing a joint return	Spouse's social security number

1 Date asset sold that generated the long-term capital gain . . . . . _____

2 Description of asset sold _____

3 Amount of long-term capital gain on sale of the asset . . . . . **3** _____ .00

4 Date of investment in a qualified Wisconsin business . . . . . _____

4a Type of investment *(check one)* ___ Stock purchase ___ Partnership interest ___ LLC membership

___ Other *(explain)* _____

5 Fill in the name and FEIN of the qualified Wisconsin business

Entity Name _____

FEIN _____

6 Amount invested in the qualified Wisconsin business.
(Line 6 must equal or exceed line 3) . . . . . **6** _____ .00

7 Basis of investment in the qualified Wisconsin business
(Line 6 less the amount on line 3) . . . . . **7** _____ .00

Instructions for Schedule CG

Purpose of Schedule CG

Schedule CG must be completed by individuals who are not declaring income from a long-term capital gain on their 2015 Wisconsin income tax return (Schedule WD) because they have reinvested the capital gain.

Wisconsin law provides that the long-term capital gain may be deferred when the gain is reinvested in a qualified Wisconsin business.

Who may claim the deferral of gain

The deferral of gain may be claimed by an individual, including an individual partner of a partnership, member of a limited liability company, or shareholder of a tax-option (S) corporation.

Definitions

"Long-term capital gain" means the gain realized from the sale of any capital asset held more than one year that is treated as a long-term gain under the Internal Revenue Code.

"Qualified Wisconsin business" means a business certified by the Wisconsin Economic Development Corporation (WEDC) or registered with the Department of Revenue. The WEDC was responsible for certifying businesses for 2011 through 2013. The department's registration program began in 2014. A business must register with the department in each year in which it wants to be considered a qualified Wisconsin business. A business may register with the department if:

- The business has at least 2 full-time employees and the amount of payroll compensation paid by the business in Wisconsin is equal to at least 50 percent of the amount of all payroll paid by the business, and

- The value of real and tangible personal property owned or rented and used by the business in Wisconsin is equal to at least 50 percent of the value of all real and tangible personal property owned or rented and used by the business.

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 2015 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