

2021 Form WQOF Instructions

Purpose of Form WQOF

[2019 Wisconsin Act 136](#) created a capital gain exclusion for certain taxpayers that invest in a Wisconsin qualified opportunity fund (WQOF). A fund uses Form WQOF to certify to the department and its investors that it qualifies as a WQOF for the fund's taxable year.

Due Date

Form WQOF must be filed with the department and furnished to each investor by January 31 of the year following the close of the fund's taxable year.

Definitions

- "Wisconsin qualified opportunity fund" means a qualified opportunity fund, as defined in 26 USC 1400Z-2(d)(1), that holds at least 90 percent of its assets in Wisconsin qualified opportunity zone property, as measured on the last day of the first 6-month period of the fund's taxable year and the last day of the fund's taxable year.
- "Wisconsin qualified opportunity zone" means a population census tract located in Wisconsin that is designated as a qualified opportunity zone under 26 USC 1400Z-1.
- "Wisconsin qualified opportunity zone property" means qualified opportunity zone property, as defined in 26 USC 1400Z-2(d)(2), except that qualified opportunity zone business property, as defined in 26 USC 1400Z-2(d)(2)(D) and (3)(A)(i), must be located in a Wisconsin qualified opportunity zone.

Specific Instructions

Part I: Wisconsin Qualified Opportunity Fund's Information

A Wisconsin Qualified Opportunity Fund enters its name, FEIN, and address on the appropriate lines.

Part II: Certification

Line 1 Check the appropriate box to indicate what type of taxpayer you are.

Line 2 Check "Yes" if you are a Qualified Opportunity Fund (QOF) as defined in sec. 1400Z-2(d)(1), Internal Revenue Code, which provides:

The term "qualified opportunity fund" means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund) that holds at least 90 percent of its assets in qualified opportunity zone property, determined by the average of the percentage of qualified opportunity zone property held in the fund as measured:

- (A) on the last day of the first 6-month period of the taxable year of the fund, and
- (B) on the last day of the taxable year of the fund.

If you are not a QOF for federal purposes, DO NOT file Form WQOF.

Line 3 Check "Yes" if this is the first period you are a QOF for federal purposes and enter the first month in which you choose to be a QOF for federal purposes.

Check "No" if you have certified in a prior year that you are a QOF for federal purposes.

Line 4 If you answered "No" on line 3, enter the value of Wisconsin qualified opportunity zone property (see definition above) held by the QOF on the last day of the first 6-month period of the tax year.

If you answered "Yes" on line 3, the 6-month period starts with the month you indicated on line 3. Lines 4 through 6 may be blank depending on your tax year and the month indicated on line 3. See examples 1 and 2 on the following page.

Line 5 If you answered “No” on line 3, enter the value of total assets held by the QOF on the last day of the first 6-month period of the tax year.

If you answered “Yes” on line 3, the 6-month period starts with the month you indicated on line 3. Lines 4 through 6 may be blank depending on your tax year and the month indicated on line 3. See examples 1 and 2 below.

Line 6 If lines 4 and 5 are blank because you answered “Yes” on line 3, then leave line 6 blank. Otherwise, divide line 4 by line 5. Round to two decimal places and enter the result. Example: 0.895 is rounded to 0.90.

Line 7 Enter the value of Wisconsin qualified opportunity zone property held by the QOF on the last day of the tax year.

Line 8 Enter the value of total assets held by the QOF on the last day of the tax year.

Line 9 Divide line 7 by line 8. Round to two decimal places and enter the result. Example: 0.895 is rounded to 0.90.

Line 10 Enter the total of lines 6 and 9.

Line 11 If lines 4 through 6 are blank, then enter the result from line 10. Otherwise, divide line 10 by 2.0 and enter the result. Round to two decimal places and enter the result. Example: 0.895 is rounded to 0.90.

Examples

Example 1

A new partnership forms in January of 2021 and chooses April of 2021 to be its first month as a QOF for federal purposes. The first 6-month period ends on September 30, 2021. The value of the partnership’s assets is shown below.

Table 1	September 30, 2021	December 31, 2021
WI qualified opportunity zone property	\$ 89,500	\$104,500
Total value of all the fund’s assets	\$100,000	\$110,000

The partnership enters the following amounts on Form WQOF:

Table 2	Amount	Calculations
Line 4	\$ 89,500	
Line 5	\$100,000	
Line 6	0.90	$89,500 / 100,000 = 0.895$ (round to two decimal places = 0.90)
Line 7	\$104,500	
Line 8	\$110,000	
Line 9	0.95	$104,500 / 110,000 = 0.95$
Line 10	1.85	$0.90 + 0.95 = 1.85$
Line 11	0.93	$1.85 / 2.0 = 0.925$ (round to two decimal places = 0.93)

Example 2

The facts are the same as example 1, but the partnership chooses July of 2021 to be its first month as a QOF for federal purposes. Since the first 6-month period ends on December 31, 2021, the 6 months from January through June are not considered. The partnership leaves lines 4, 5, and 6 blank and enters the following amounts on Form WQOF:

Table 3	Amount	Calculations
Line 7	\$104,500	
Line 8	\$110,000	
Line 9	0.95	$104,500 / 110,000 = 0.95$
Line 10	0.95	
Line 11	0.95	

Additional Information

For more information, you may:

- Refer to the [Wisconsin Housing and Economic Development Authority website](#)
- See Wisconsin [Fact Sheet 1121](#)
- Email your questions or comments to DORIncome@wisconsin.gov
- Contact our Customer Service Bureau at (608) 266-2486

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of June 16, 2021: Sections 71.05(25m), 71.26(3)(vm), 71.34(1k)(p), and 71.45(2)(a)21., Wis. Stats.