Schedule CG

Wisconsin
Department of Revenue

Income Tax Deferral of Long-Term Capital Gain

Include with Wisconsin Form 1 or 1NPR

2026

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 . . . . 1 ______ m m d d y y y y

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 . . . . 4 ______ m m d d y y y y

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 of long-term capital gain from line 3 invested in the qualified Wisconsin business . . . . 6 ______.00

7 Amount of investment from line 6 being deferred . . . . 7 ______.00

8 Basis of investment in the qualifie
(Line 6 less the amount on line 7) . . . . 8 ______.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 2026 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 all apply:

- The business has at least 2 full-time employees,
- The amount of payroll compensation paid by the business in Wisconsin is at least 50% of all payroll compensation 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.

Note For purposes of the payroll qualification, an employee of a professional employer organization, as defined in sec. 202.21(5), Wis. Stats., or a professional employer group, as defined in sec. 202.21(4), Wis. Stats., who is performing services for a client is considered an employee solely of that client.

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 is available at: https://www.revenue.wi.gov/Pages/Report/qualified-businesses.aspx. As required by sec. 73.03(69)(d), Wis. Stats., the registered businesses have provided information concerning property, payroll, and number of employees for purposes of registering as a qualified Wisconsin business. This information has not been reviewed for purposes of determining eligibility for the deferral under sec. 71.05(26), Wis. Stats.
- 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 7) 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, held the investment for 5 years, and 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. For further information, see Schedule QI, *Sale of Investment in a Qualified Wisconsin Business.*

Attachments

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

Additional Information

For more information, you may:

- E-mail your questions to: DORIncome@wisconsin.gov
- Call (608) 266-2772
  (Telephone help is also available using TTY equipment. Call the Wisconsin Telecommunications Relay System at 711 or, if no answer, (800) 947-3529. These numbers are to be used only when calling with TTY equipment.)

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of July 31, 2026: secs. 71.05 (26), and 73.03(69)(d), Wis. Stats.