

Schedule **CG**

Wisconsin  
Department of Revenue

**Income Tax Deferral of  
Long-Term Capital Gain**

Enclose with Wisconsin Form 1 or 1NPR

**2013**

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** Amount of gain deposited in a segregated account in a financial institution  
(do not fill in more than \$10,000,000 if investing in a "qualified new business venture") . . . **4** \_\_\_\_\_ **.00**

**5** Name of financial institution \_\_\_\_\_

**6** Date gain deposited in the financial institution . . . . . \_\_\_\_\_

**7** Date of investment in a "qualified new business venture" or in a "qualified  
Wisconsin business" . . . . . \_\_\_\_\_

**7a** Type of investment (*check one*)     Stock purchase     Partnership interest     LLC membership  
 Other (*explain*) \_\_\_\_\_

**8** If investment is in a "qualified new business venture," fill in the name and FEIN of  
the "qualified new business venture" \_\_\_\_\_ FEIN \_\_\_\_\_

**9** If investment is in a "qualified Wisconsin business," fill in the name and FEIN of  
the "qualified Wisconsin business" \_\_\_\_\_ FEIN \_\_\_\_\_

**10** Amount invested in the "qualified new business venture" or "qualified Wisconsin  
business." (Line 10 must equal or exceed line 4.) . . . . . **10** \_\_\_\_\_ **.00**

**11** Basis of investment in the "qualified new business venture" or "qualified  
Wisconsin business" (line 10 less the amount on line 4) . . . . . **11** \_\_\_\_\_ **.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 2013 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 certain conditions are met and the gain is reinvested in either (1) a "qualified new business venture" or (2) a "qualified Wisconsin business."

(**New for next year** Effective for taxable years beginning January 1, 2014, several changes will apply to this deferral program: (1) only investments in a "qualified Wisconsin business" will qualify an individual for gain deferral, (2) the requirement to deposit the gain in a financial institution is eliminated, and (3) the Department of Revenue will assume the responsibility for registering each "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

“Financial institution” means any bank, savings bank, savings and loan association or credit union that is authorized to do business under state or federal laws relating to financial institutions.

“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 new business venture” is a business certified by the Wisconsin Economic Development Corporation (WEDC). A business may be certified, and may maintain such certification, only if the business is engaged in one of the following:

- Developing a new product or business process.
- Manufacturing, agriculture, or processing or assembling products and conducting research and development.

The business must submit an application to WEDC in each calendar year for which it desires certification.

“Qualified Wisconsin business” means a business certified by the WEDC. The business must submit an application to WEDC in each calendar year for which it desires certification. A business may be certified if:

- 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 (limited to \$10,000,000 if reinvestment is in a “qualified new business venture”) of a long-term capital gain if the individual does all of the following:

- Deposits the gain into a segregated account in a financial institution.
- Within 180 days after the sale of the asset that generated the gain, invests all of the proceeds in the account in a “qualified new business venture” or “qualified Wisconsin business.”
- Attaches 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 4** Fill in the amount of long-term capital gain deposited in a segregated account in a financial institution. If the long-term gain will be reinvested in a “qualified new business venture,” do not fill in more than \$10,000,000. The \$10,000,000 limitation does not apply if the long-term gain was reinvested in a “qualified Wisconsin business.”

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

**Lines 8 and 9** Complete line 8 if the long-term gain was reinvested in a “qualified new business venture.” Complete line 9 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 11** The basis of the investment is calculated by subtracting the deferred gain (line 4) from the amount of the investment in the “qualified new business venture” or the “qualified Wisconsin business” (line 10). 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 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