

Credits/Incentives:

Wisconsin DOR Summarizes State Benefits of Investments in Federal Qualified Opportunity Zones

Fact Sheet 1121: Capital Gain Exclusion – Investment in a Wisconsin Qualified Opportunity Fund, Wis. Dept. of Rev. (rev. 1/31/23); *Fact Sheet 1102-2: Deferral and Exclusion of Long-Term Capital Gains for Investments in Qualified Wisconsin Businesses*, Wis. Dept. of Rev. (rev. 2/13/23). In one recently revised “Fact Sheet,” the Wisconsin Department of Revenue (Department) summarizes and explains the potential resulting federal and state income tax benefits for qualifying investments in a Wisconsin qualified opportunity fund (WQOF) and/or federal opportunity zone as prescribed by Internal Revenue Code sections 1400Z-1 and 1400Z-2 under the federal Tax Cuts and Jobs Act of 2017 (*i.e.*, P.L. 115-97), including underlying capital gain exclusions/deferrals and basis adjustments. According to this guidance Wisconsin provides:

URL: <https://www.revenue.wi.gov/DOR%20Publications/1121opportunityzone.pdf>

URL: <https://www.revenue.wi.gov/DOR%20Publications/1102-2capitalgain-2.pdf>

1. A subtraction from income, in addition to the federal exclusion, for an investment in a WQOF, and
2. A capital gain basis adjustment, in addition to the federal exclusion, for an investment in a WQOF.

The Department then explains how to compute the various amounts, relevant definitions, the certification process, and additional available resources. Another revised Fact Sheet addresses the deferral and exclusion of long-term capital gains for investments made in “qualified Wisconsin businesses” to reflect state laws and rules in effect as of February 13, 2023. Please contact us with any questions.

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