

# 2025 Wisconsin Schedule WD Instructions

## General Instructions

**Purpose of Schedule:** Schedule WD is used to determine the amount of capital gain or loss which you must include in Wisconsin income. Generally, all amounts reported on your federal Schedule D must be reported on Schedule WD. However, for Wisconsin, you may exclude 30% of the net capital gain from assets held more than one year (60% in the case of farm assets). The amount of net capital loss that can be applied against other income after offsetting capital gains is limited to \$3,000 (\$1,500 if married and not filing a joint return). Unused capital losses are carried over to later years until fully used.

If you are filing Form 1 and your Wisconsin capital gain or loss consists only of a capital gain distribution from a mutual fund or real estate investment trust, you do not have to complete Schedule WD. See the instructions for line 5 of Schedule SB (Form 1) for information on claiming an exclusion on a portion of the distribution. **Note:** If you are filing Form 1NPR, you must still complete Schedule WD.

Include Schedule WD with your Wisconsin Form 1 or Form 1NPR. See [Publication 103, Reporting Capital Gains and Losses for Wisconsin by Individuals, Estates, and Trusts](#), for further information on reporting capital gains and losses. You can download this Publication from our website at: [revenue.wi.gov](http://revenue.wi.gov).

## Specific Instructions

### Part I and Part II, Capital Gains and Losses

If you are not affected by any of the items listed below under "Items Which Require Adjustment," fill in the amounts from your federal Schedule D which correspond to lines 1a through 5 and lines 9a through 14 of Schedule WD. If you are affected by any of the items listed below under "Items Which Require Adjustment," fill in the amount indicated in these instructions instead of the amount reported on your federal Schedule D.

### Items Which Require Adjustment

The following items require adjustments to the amounts reported on your federal Schedule D:

**Capital Loss Carryovers:** Fill in your capital loss carryover from assets held one year or less from line 34 of your 2024 Schedule WD on line 7 of Schedule WD. Fill in your capital loss carryover from assets held more than one year from line 39 of your 2024 Schedule WD on line 16 of Schedule WD.

- If you and your spouse are filing a joint return for 2025, but filed separate returns for 2024, combine the capital loss carryovers from your separate 2024 Schedules WD.
- If (1) you and your spouse are filing separate returns for 2025 but filed a joint return for the year in which the capital loss was incurred, or (2) you are a widow(er) and your spouse died before the beginning of your 2025 tax year, you can only deduct the portion of the capital loss carryover that belongs to you. For a capital loss carryover incurred during a year before the Wisconsin marital property law applies to you, title to the property must be used to determine what portion of the loss is yours. For a capital loss carryover incurred during a year to which the marital property law applies, the classification of the property must be used to determine your portion of the loss.
- You may have to reduce your capital loss carryover to 2025 if you excluded income from discharge of indebtedness from your 2025 taxable income. Contact any Department of Revenue office for further information.

**Nonresidents and Part-Year Residents:** Nonresidents should include only gain or loss from Wisconsin sources on Schedule WD. Part-year residents should include the gain or loss received from all sources while a Wisconsin resident and the gain or loss from Wisconsin sources while a nonresident.

Gain or loss from Wisconsin sources includes gain or loss from the sale of land, buildings, and machinery located in Wisconsin, gain from the sale of stock acquired under an incentive stock option or employee stock purchase plan to the extent attributable to personal services performed in Wisconsin, and your share of gain or loss from an estate or trust, partnership, limited liability company (LLC), or tax-option (S) corporation which has been reported to you on Wisconsin Schedule 2K-1, 3K-1, or 5K-1. It doesn't include losses from nonbusiness bad debts and worthless securities, and gains or losses from sales of stocks (except gain on stock acquired under an incentive stock option or employee stock purchase plan as explained above) while a nonresident.

**Gain From Installment Sales:** Taxable gain from installment sales reported on lines 4 and 11 of federal Schedule D must be reported on lines 4 and 12 of Schedule WD, as appropriate. Gain from an installment sale is reported on line 4 of Schedule WD if, at the time of sale or other disposition, you held the property for one year or less. If, at the time of sale or other disposition, you held the property for more than one year, the gain is reported on line 12 of Schedule WD.

**Gain or Loss From Partnerships, S Corporations, and Fiduciaries:** Fill in on line 5 or 13 the amount of capital gain or loss from partnerships, tax-option (S) corporations, estates, and trusts.

- If the partnership, tax-option (S) corporation, estate, or trust has informed you of any adjustment to be made to the capital gain or loss for Wisconsin, be sure to use the gain or loss as adjusted.
- If you are a shareholder in a federal S corporation that elects not to be treated as a Wisconsin tax-option corporation, do not include on Schedule WD any capital gain or loss distributed to you by that federal S corporation.
- If you are a shareholder of a tax-option (S) corporation, partner of a partnership, or member of a limited liability company treated as a partnership or tax-option (S) corporation that elects to be taxed at the entity level, do not include the amount of gain or loss reported on Schedule 5K-1 or 3K-1 on Schedule WD. In addition, do not report these amounts as an addition or subtraction modification on Schedule AD (Form 1), line 29 or 31, Schedule SB (Form 1), line 46 or 48, or Schedule M (Form 1NPR), line 30, 32, 80, or 82. Taxpayers filing Form 1 will compute the adjustment in Part IV of Schedule WD, as an addition or subtraction modification on line 2 of Schedule AD, or line 5 of Schedule SB.

**Basis Difference:** Gain or loss from the sale or disposition of assets may be different for Wisconsin and federal purposes due to a difference in the federal and Wisconsin basis of your property.

- If you have a difference in the federal and Wisconsin basis of property and that property is your principal residence, compute your gain on the sale of your residence using the Wisconsin basis instead of the federal basis. Fill in any taxable gain on line 3 or 11 of Schedule WD, as appropriate.
- If you have a difference in the Wisconsin and federal basis of property (other than your principal residence) and that property is a capital asset (sale or other disposition is reported on federal Schedule D), fill in the federal gain or loss in Part I or Part II of Schedule WD, as appropriate. You must also complete Part I of Wisconsin Schedule T to compute the amount to fill in on line 6 or 15 of Schedule WD.
- If you have a difference in the Wisconsin and federal basis of property acquired on or after the first day of your tax year beginning in 2014 and the sale or other disposition of such property is reported on federal Form 4797, see the instructions for Part II of Wisconsin Schedule T and recompute a Form 4797 as instructed. If you filled in a gain on line 7 or 9 of your "Wisconsin" Form 4797, you must use the amount from the "Wisconsin" Form 4797 to complete line 12 of Schedule WD. If the difference in basis is due to the Wisconsin definition of the Internal Revenue Code, or if you have used a different federal election for federal and Wisconsin tax purposes, use Schedule I to adjust for the difference in basis instead of Schedule T.

**Note** If you sold or otherwise disposed of property acquired before the first day of your tax year beginning in 2014 that was being depreciated or amortized for Wisconsin and federal tax purposes, your basis in the property as of the first day of your taxable year beginning in 2014 is the same for Wisconsin and federal tax purposes. No adjustment may be made on Schedule WD for the difference in basis of such property.

**Investments in a Qualified Wisconsin Business (QWB):** If you qualify to defer the long-term gain on the sale of an asset because the gain was reinvested in a QWB, do not include the reinvested gain on Schedule WD. Include Schedule CG with your Form 1 or 1NPR. If you sold an investment in a QWB, complete Schedules QI and T (if gain previously deferred) to determine adjustments to Schedule WD. Include these schedules with your Form 1 or 1NPR.

**Note**

**Investments in a Wisconsin Qualified Opportunity Fund (WQOF):** If you qualify for a subtraction from Wisconsin income from the sale of an investment held in a WQOF for at least 5 years, do not subtract this amount on Schedule WD. The subtraction from Wisconsin income is taken on line 49 of Schedule SB (Form 1) or line 83 of Schedule M (Form 1NPR). See the instructions for these lines for information on how to compute the subtraction.

**Marital Property:** Do not include on Schedule WD any gain or loss on the exchange of marital property by a surviving spouse and distributee under sec. 766.31(3)(b)3., Wis. Stats.

### Part III – Summary of Parts I and II

**Line 18** - Complete line 18. If line 18 is a loss, skip lines 19 – 27 and complete line 28. If line 18 is a gain, complete lines 19 – 27 and skip line 28.

**Lines 21 – 25** - Complete lines 21 – 25 only if you have long-term gain from the sale of farm assets.

Sixty percent of net long-term gain from the sale or other disposition of farm assets may be excluded. "Farm assets" means livestock, farm equipment, farm real property, and farm depreciable property. The exclusion applies to capital gain as computed under the Internal Revenue Code, not including amounts treated as ordinary income for federal purposes because of recapture of depreciation or any other reason. "Farming" means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity including the raising, shearing, feeding, caring for, training, and management of animals. Trees (other than trees bearing fruit or nuts) shall not be treated as an agricultural or horticultural commodity. The 60 percent exclusion applies only to assets used in farming. The sale of woodland that cannot be used in farming would not qualify for the 60 percent exclusion.

**Line 28** - When completing line 28, to figure whether 28(a), (b), or (c) is smaller, treat all numbers as if they were positive. To determine Wisconsin ordinary income, figure the amount from line 7 of Form 1 (line 30 of Form 1NPR) without regard to capital gains and losses. If this amount is a loss, fill in -0- on line 28. If you were married at the end of 2025 and are not filing a joint return with your spouse, your allowable loss for 28(b) is \$1,500. For all other taxpayers, the allowable loss for line 28(b) is \$3,000.

**Form 1 Filers** – Complete Part IV. **Exception:** If the gain on line 27 or the loss on line 28 is the same as the amount on line 7 of your federal Form 1040 or 1040-SR (or line 1c, 1e, 2c, or 2e of Schedule I), you do not have to complete Part IV. Complete Part V if you have a net loss and the loss on line 18 is more than the loss on line 28.

**Form 1NPR Filers** – Do not complete Part IV. Fill in the amount from line 27 or 28 of Schedule WD on line 7, column B, of Form 1NPR. Complete Part V if you have a net loss and the loss on line 18 is more than the loss on line 28.

#### **Part IV – Computation of Wisconsin Adjustment to Income – Form 1 Filers Only**

Form 1 filers, complete Part IV to figure the amount you must report as a capital gain/loss adjustment on line 2 of Schedule AD (Form 1), or line 5 of Schedule SB (Form 1). When completing Part IV, do not enter losses as negative numbers. All amounts should be entered as positive numbers.

- If you have a net gain for both federal and Wisconsin purposes, fill in lines 29a and 29b. Also, fill in either line 29c or line 29d, whichever applies. Enter the amount from line 29c on line 2 of Schedule AD (Form 1). Enter the amount from line 29d on line 5 of Schedule SB (Form 1).
- If you have a net loss for both federal and Wisconsin purposes, fill in lines 29e and 29f. Also, fill in either line 29g or line 29h, whichever applies. Enter the amount from line 29g on line 5 of Schedule SB (Form 1). Enter the amount from line 29h on line 2 of Schedule AD (Form 1).
- If you have a net gain for federal purposes and a net loss for Wisconsin, fill in your federal gain on lines 29a and 29d. Fill in your Wisconsin loss on lines 29f and 29g. Add the amounts on lines 29d and 29g. Enter the total on line 5 of Schedule SB (Form 1).
- If you have a net loss for federal purposes and a net gain for Wisconsin, fill in your federal loss on lines 29e and 29h. Fill in your Wisconsin gain on lines 29b and 29c. Add the amounts on lines 29c and 29h. Enter the total on line 2 of Schedule AD (Form 1).

**Exception:**

- If you completed Schedule I and have an amount on line 1e or 2c of Schedule I, use the amount from line 1e or 2c of Schedule I to fill in your gain on line 29a or loss on line 29e instead of amounts from line 7 of federal Form 1040 or 1040-SR when completing Part IV.

#### **Part V – Computation of Capital Loss Carryovers From 2025 to 2026**

If you have a net loss and the loss on line 18 is more than the loss on line 28, complete Part V to figure the amount of your capital loss carryover. Complete lines 30 through 34 to figure your short-term capital loss carryover. Complete lines 35 through 39 to figure your long-term capital loss carryover.

#### **Applicable Laws and Rules**

This document provides statements or interpretations of the following laws and regulations enacted as of October 1, 2025: chs. 71 and 766, Wis. Stats.