

Name(s) \_\_\_\_\_ SSN \_\_\_\_\_

Part I: Sale of Timber

- 1. Timber address
2. Ownership period
a. Date acquired
b. Date sold
3. Length of holding period
4. Explain how the purchaser intends to use the timber
5. Was the gain from the sale of timber reported under IRC section 1231?

Part II: Details of Timber Sold Excluding Land Value

- 1. Was the property sold owned by a C corporation?
2. Are you the sole owner of this property?
3. Enter taxpayer's ownership percentage of the total property sold
4. Provide all other owner name(s)
5. How did the taxpayer acquire the property?
6. Provide all purchaser name(s)
7. Is the capital gain from an installment sale?
8. Iowa capital gain deduction.



## Instructions for 2018 IA 100D – Iowa Capital Gain Deduction Sale of Timber

The Iowa capital gain deduction is subject to review by the Iowa Department of Revenue. The Department will use this form to verify that the taxpayer(s) qualifies for the deduction. The Department may request additional information if needed.

This completed form must be included with the IA 1040 to support the Iowa capital gain deduction claimed. Complete a separate IA 100D for each sale of timber. Complete the form each year of a qualifying installment sale, including all parts.

For taxpayers filing separately on the same return, each spouse must complete an IA 100D for the Iowa capital gain deduction claimed based on the spouse's ownership percentage.

Flowcharts to assist in determining if a gain qualifies are also available in the expanded instructions online. For more information on the Iowa capital gain deduction, see the instructions below and 701 IAC 40.38.

### Part I: Sale of Timber

**Line 1.** Enter the address or legal description from where the timber was or will be harvested. Also provide county and state.

**Line 2.** Enter the acquisition date and sale date for the timber, as indicated in supporting documentation.

**Line 3.** Enter the length of the holding period in years and months. The holding period must be at least 12 months to qualify for the Iowa capital gain deduction. If the ownership period indicated in Part I, line 2 is less than 12 months, include a separate statement explaining why the ownership period differs from the holding period.

**Line 4.** Explain how the purchaser intends to use the timber (for example: "Lumber", "Christmas Trees"). For more information see 701 IAC 40.38(6).

**Line 5.** Check the box to indicate whether the taxpayer reported the capital gain under IRC section 1231.

### Part II: Details of Timber Sold Excluding Land Value

This deduction is only available for capital gains realized on the sale of cut timber or a

contract to cut timber and not the value of associated land.

**Line 1.** Check the box to indicate whether the taxpayer's capital gain resulted from the sale of timber by a C corporation. The sale of assets by a C corporation does not qualify for the Iowa capital gain deduction. Note: The gain from a corporate liquidation under Internal Revenue Code (IRC) section 331 may qualify for the Iowa capital gain deduction. If the gain is realized under IRC section 331, check "No" and continue to Part II, line 2.

**Line 2.** If married filing jointly and both spouses are the only owners, check yes. If married filing separately and both spouses are owners, check no; each spouse must complete an IA100D and indicate on line 3 the separate ownership percentage of that spouse.

**Line 3.** Enter the taxpayer's ownership percentage of the property sold at the time of the sale to three decimal places (for example: 50.0%; 33.3%). If not the sole owner, the taxpayer's ownership percentage must be less than 100% and greater than 0%.

**Line 4.** Enter the names of all persons and entities that owned the property at the time of sale. If the capital gain flowed through to the taxpayer from a partnership, S corporation, limited liability company (LLC), estate, or trust, all owners of the entity must be reported.

**Line 5.** Check all boxes that indicate how the taxpayer acquired the timber. If "Other", explain how the taxpayer acquired the timber.

**Line 6.** Enter the names of all persons and entities that purchased the timber.

**Line 7.** Check the box to indicate whether the capital gain comes from an installment sale. If "Yes," enter the date of the first installment, the expected date of the final installment, the total capital gain generated by the sale, and the capital gain the taxpayer received during tax year 2018. Do not include any interest received.

**Line 8.** Enter the amount of the taxpayer's capital gain deduction claimed. Note that the deduction applies to the net capital gain from a sale. Any nonrecaptured losses are treated as ordinary income and are not eligible for the