

## Before You Complete the Applicable Iowa Capital Gain Deduction Form

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.

This completed form must be included with the IA 1040 to support the Iowa capital gain deduction claimed. The Department may request additional information if needed.

A separate form must be completed for each distinct sale. Multiple livestock sales can, in some instances, be reported on one IA 100A. (See IA 100A instructions.)

The applicable form must be completed each year of a qualifying installment sale.

The applicable form must be completed even if the gain was passed-through to you.

The sale of assets by a C corporation generally does not qualify for the Iowa capital gain deduction. However, the gain from a corporate liquidation under Internal Revenue Code (IRC) section 331 or from certain stock sales which are treated as an acquisition of assets under IRC section 338 may qualify for the Iowa capital gain deduction.

Married taxpayers filing separately must complete separate Iowa capital gain deduction forms based on each spouse's ownership percentage in the property.

Each Iowa capital gain deduction must be reported on one of six forms:

- To claim a deduction for capital gains from the qualifying sale of **Cattle, Horses, or Breeding Livestock, complete the [IA 100A](#).**
- To claim a deduction for capital gains from the qualifying sale of **Real Property Used in a Farm Business, complete the [IA 100B](#).**
- To claim a deduction for capital gains from the qualifying sale of **Real Property Used in a Non-Farm Business, complete the [IA 100C](#).**
- To claim a deduction for capital gains from the qualifying sale of **Timber, complete the [IA 100D](#).**
- To claim a deduction for capital gains from the qualifying sale of a **Business, complete the [IA 100E](#).**
- To claim a deduction for capital gains from the qualifying sale of **Employer Securities to a Qualified Iowa Employee Stock Ownership Plan, complete the [IA 100F](#).**

Flowcharts to assist in determining if a capital gain qualifies are also available in the expanded instructions online. For more information on the Iowa capital gain deduction, see the instructions for the respective form and [Iowa Administrative Code \(IAC\) rule 701—40.38](#).

Under tax reform passed during the 2018 and 2019 Legislative sessions, the Iowa capital gain deduction is scheduled to be repealed effective in tax year 2023 for all sales except real property used in a farm business that is sold to certain taxpayers, contingent on revenue targets being met for fiscal year 2022. If the repeal occurs, deductions for previously eligible sales may no longer be allowed, even for eligible installment sales that occurred prior to tax year 2023.