

## 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 an asset 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. Select and complete the applicable form below to claim a deduction for capital gains from the qualifying sale of:

- [Cattle, Horses, or Breeding Livestock, IA 100A](#)
- [Real Property Used in a Farm Business, IA 100B](#)
- [Real Property Used in a Non-Farm Business, IA 100C](#)
- [Timber, IA 100D](#)
- [Business, IA 100E](#)
- [Employer Securities to a Qualified Iowa Employee Stock Ownership Plan, IA 100F](#)

Flowcharts to assist in determining if a capital gain qualifies are also available online, [Iowa Capital Gain Deduction Flowchart](#). For more information on the Iowa capital gain deduction, see the instructions for the respective form and [Iowa Administrative Code \(IAC\) rule 701—302.38](#).

Under tax reform passed in 2018 and 2019, and modified during the 2021 and 2022 legislative sessions, the Iowa capital gain deduction will be repealed for most transactions occurring on or after January 1, 2023. This repeal applies to all sales except:

1. Certain sales of real property used in a farming business
2. Sales of cattle or horses held for breeding, draft, dairy, or sporting purposes by a retired farmer who has sold all or substantially all of their interest in the farming business
3. Sales of breeding stock, other than cattle or horses, by a retired farmer who has sold all or substantially all of their interest in the farming business

When the repeal occurs, deductions for previously eligible installment sales will still be allowed if the sale occurred prior to January 1, 2023.