

Name(s): _____ Social Security Number: _____

Purpose of form: This form is for taxpayers who want to claim the capital gain deduction from the sale of real property used in a farming business. This form should only be used for sales occurring on or after January 1, 2023. Capital gain deductions for installments from sales of real property used in a farming business commencing prior to January 1, 2023 should be reported on the 2023 IA 100B.

NOTE: Taxpayers who are retired farmers that want to make the lifetime election to exclude qualifying capital gains from the sale of real property, cattle or horses, or other livestock should use form IA100G instead of this form. See instructions for more information.

Part I: Sale of Real Property Used in a Farming Business

1. Property address or legal description (include county and a general description of the location):

2. Total number of acres sold: _____

3. Was the property sold to a relative of the taxpayer? See instructions for definition of relative.

No Continue to Part I, line 4

Yes Continue to Part III, line 1

4. Ownership period

a. Date acquired (mm/dd/yyyy): _____

b. Date sold (mm/dd/yyyy): _____

5. Length of holding period Years: _____ Months: _____

6. If the taxpayer did not own the property for at least 10 years, explain how the taxpayer held the property for at least 10 years under Internal Revenue Code (IRC) section 1223.

Part II: Material Participation in a Farming Business

1. Report the following for the 10 years immediately preceding the sale.

Calendar year	Name of land manager	Paid? Yes or No	Federal form or schedule where taxpayer reported income	Acres the taxpayer personally farmed	Cash rent acres	Crop-share acres	CRP acres	Other acres



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2. Cash Rent or Lease Arrangement

2a. Was the property rented on a cash rent or lease basis during the 10 years immediately preceding the sale?

- No [] Continue to Part II, line 3
Yes [] Continue to Part II, line 2b

2b. Did the taxpayer materially participate in the farming activity?

- No [] Sale is not eligible for Iowa capital gain deduction. Stop.
Yes [] Continue to Part II, line 6

3. Crop-Share Arrangement

3a. Was the property involved in a crop-share arrangement during the 10 years immediately preceding the sale?

- No [] Continue to Part II, line 5
Yes [] Continue to Part II, line 3b

3b. Is the taxpayer subject to self-employment tax on the crop-share income?

- No [] Continue to Part II, line 4
Yes [] Continue to Part II, line 6

4. Check the box for each applicable material participation test for which the taxpayer has documentation. Check all that apply. If none of these apply, stop, the sale is not eligible for the Iowa capital gain deduction.

4a. The landlord does any three of the following:

- Pays or is obligated to pay for at least half the direct costs of producing the crop []
• Furnishes at least half the tools, equipment, and livestock used in producing the crop []
• Consults with the tenant []
• Inspects the production activities periodically []

4b. The landlord regularly and frequently makes, or takes part in making, management decisions substantially contributing to or affecting the success of the enterprise. []

4c. The landlord worked 100 hours or more spread over a period of five weeks or more in activities connected with crop production []

4d. The landlord has done tasks or performed duties which, considered in their total effect, show that the landlord was materially and significantly involved in the production of the farm commodities []

5. Conservation Reserve Program (CRP)

5a. Was the property enrolled in the CRP during the 10 years immediately preceding the sale?

- No [] Continue to Part II, line 6
Yes [] Continue to Part II, line 5b

5b. Is the taxpayer subject to self-employment tax on the CRP income?

- No [] This gain may not be eligible for Iowa capital gain deduction. See instructions.
Yes [] Continue to Part II, line 6

6. Check the box for each applicable material participation test for which the taxpayer has documentation for at least 10 years preceding the sale of real property used in a farming business. See instructions. Check all that apply.

6a. Taxpayer participated in the business for more than 500 hours in the year []

6b. Taxpayer's participation in the business constituted substantially all participation in the business in the year []



- 6c. Taxpayer participated in the business more than 100 hours in the year, and no other person participated in the business more
- 6d. Taxpayer participated in the business that sold the property and at least one other business, excluding rental businesses, in the tax year, if for each year claimed:
 - Taxpayer participated in all such businesses more than 500 hours total; and
 - Taxpayer participated more than 100 hours in each such business; and
 - Taxpayer’s participation in each such business does not satisfy any other test.
- 6e. Taxpayer materially participated in the farming business for five of the ten years prior to the year claimed
- 6f. Taxpayer participated in the business more than 100 hours in the year and, based on all facts and circumstances, the participation was regular, continuous, and substantial
- 7. Describe in detail by activity (acres personally farmed, cash rent or lease, crop-share, CRP, or other) the daily, weekly, monthly, and annual duties of the taxpayer associated with the acres sold during the period reported on line 1. Indicate which years the taxpayer performed each duty. If the taxpayer was married during this period, include duties performed by either spouse.

Part III: Details of Property Sold

- 1. Is the capital gain from a C corporation?
 - No Continue to Part III, line 2
 - Yes Sale is not eligible for the Iowa capital gain deduction. Stop.
- 2. Enter taxpayer’s ownership percentage of the total property sold to the nearest tenth of one percent (for example 65.2%). Married taxpayers see instructions 2. _____ %
- 3. Provide all other owner name(s): _____
- 4. How did the taxpayer acquire the property? (check all that apply)

<input type="checkbox"/> Inheritance	<input type="checkbox"/> Like-kind (IRC 1031) Exchange
<input type="checkbox"/> Purchase	<input type="checkbox"/> Involuntary Conversion
<input type="checkbox"/> Gift	<input type="checkbox"/> Other (Explain): _____
- 5. Provide all buyers name(s): _____
- 5b. Buyer’s relation to taxpayer (If unrelated enter “None”): _____

- 6. Is the capital gain from an installment sale?
 - No Continue to Part III, line 7
 - Yes Enter the property installment sale information
 - a. Start date (mm/dd/yyyy): 6a. _____
 - b. End date (mm/dd/yyyy): 6b. _____
 - c. Total capital gain to be received by taxpayer over the life of the installment sale 6c. \$ _____
 - d. Capital gain received by the taxpayer in the current tax year 6d. \$ _____
- 7. Iowa capital gain deduction. Enter the taxpayer’s amount of capital gain deduction here and include on IA 1040 Schedule 1, line 16 7. \$ _____



Instructions for 2023 IA 100H – Iowa Capital Gain Deduction for Sales of Real Property Used in a Farming Business

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 for sales of real property used in a farm business. Complete a separate IA 100H for each sale of property. Complete the entire form each year of a qualifying installment sale, including all parts.

Flowcharts to assist in determining if a gain qualifies are also available on the Department's website. For more information on the Iowa capital gain deduction, see the instructions below and Iowa Administrative Code rule 701—302.87.

Part I: Sale of Real Property Used in a Farming Business

Line 1: Enter the address of the property, or enter the legal description of the property if no address is available. If providing a legal description, also provide a general description of the property location in relation to a major road or town and the county.

Line 2: Enter the total number of acres of property sold.

Line 3: Check the box to indicate if the property was sold to a relative of the taxpayer. A relative is a person that satisfies one or more of the following conditions:

- The individual is related to the taxpayer by consanguinity or affinity within the second degree as determined by common law.
- The individual is a lineal descendant of the taxpayer. "Lineal descendant" means children of the taxpayer, including legally adopted children and biological children, stepchildren, grandchildren, great-grandchildren, and any other lineal descendant of the taxpayer.
- An entity in which an individual who satisfies either of the above conditions has a legal or equitable interest as an owner, member, partner, or beneficiary.

Line 4: Enter the acquisition date and sale date for the property, as indicated in supporting documentation.

Line 5: Enter the length of the holding period in years and months

Line 6: If the ownership period indicated in Part I, line 4 is less than 10 years, explain why the ownership period differs from the holding period entered in Part I, line 5. The property must be held, as defined using Internal Revenue Code (IRC) section 1223, for at least 10 years to qualify for the Iowa capital gain deduction. For example, the property sold may have been acquired in a like-kind exchange or an involuntary conversion, and the holding period of the property sold plus the previously-held property may be at least 10 years.

Part II: Material Participation in a Farming Business

Line 1: Complete the table for each of the 10 years immediately preceding the sale.

Example: The taxpayer sold property on February 1, 2023. The taxpayer must complete the table for years 2013 to 2022.

Calendar year: Enter one calendar year on each line.

Name of land manager: Enter the name(s) of the person(s) who managed the land in the year. Enter "Self" if the taxpayer managed the land.

Paid? Enter "Yes" or "No" to indicate whether the reported land manager received any compensation for managing the land in the year. If there were multiple land managers only enter "Yes" if any person other than the taxpayer was compensated.

Federal form or schedule where taxpayer reported income: Other than the Federal 1040, enter the specific federal form or schedule number or letter on which the taxpayer reported income from the land in the respective calendar year. Income from real property used in a farming business is typically reported on federal Schedule E, Schedule F, or Form 4835.

Acres the taxpayer personally farmed: Enter the number of acres of the property sold that the taxpayer personally farmed in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the property sold that were personally farmed by either spouse.

Cash rent acres: Enter the number of acres of the property sold that the taxpayer leased for cash rent in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the property sold that were leased for cash rent by either spouse.

Crop-share acres: Enter the number of acres of the property sold that the taxpayer had under a crop-share lease arrangement in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the property sold that were under a crop-share lease agreement by either spouse.

CRP acres: Enter the number of acres of the property sold that the taxpayer had enrolled in the Conservation Reserve Program (CRP) in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the property enrolled in the CRP by either spouse.

Other acres: Enter the number of acres of the property sold that the taxpayer used for other purposes in the respective calendar year, such as non-tillable acres. If the taxpayer was married during the calendar year, include the acres of the property sold that were used for other purposes by either spouse.

Note: The sum of the acres the taxpayer personally farmed, the cash rent acres, the crop share acres, the CRP acres, and the other acres must equal the total number of acres sold as entered in Part I, line 2.

Line 2: Cash Rent or Lease Arrangement

Line 2a: Check the box to indicate if the property was rented on a cash rent or lease basis during the 10 years immediately preceding the sale. A farmer who rents property on a cash basis will not generally be considered to be materially participating in the farming activity. The burden is on the landlord to show there was material participation in the cash rent or lease farm activity.

Line 2b: Check the box to indicate if the taxpayer materially participated in the farming activity.

Line 3: Crop-Share Arrangement

Line 3a: Check the box to indicate if the property was involved in a crop-share arrangement during the 10 years immediately preceding the sale.

Line 3b: Check the box to indicate if the taxpayer is subject to self-employment tax on the crop-share income. If income from the crop-share arrangement was reported on federal form 4835, the income was not subject to self-employment tax and is not eligible for the Iowa capital gain deduction.

Line 4: The taxpayer must satisfy at least one of the four tests for material participation for each of the 10 years immediately preceding the sale. Check the box for each test claimed. More than one test may be claimed. For more information on the tests for material participation, Iowa Administrative Code rule 701–302.87(2)“f”(3).

Line 5: Conservation Reserve Program (CRP)

Line 5a: Check the box to indicate if the property was enrolled in the CRP during the 10 years immediately preceding the sale.

Line 5b: Check the box to indicate if the income from the CRP was subject to self-employment tax. If a taxpayer is receiving CRP payments and is not considered to be retired from farming or disabled, the CRP payments are subject to self-employment tax. If a taxpayer actively manages property placed in the CRP by directly participating in seeding, mowing, and planting the property or by overseeing these activities and the taxpayer is paying self-employment tax, the taxpayer will be considered to be materially participating in the farming activity. For more information on the requirements for material participation with regard to the CRP, see Iowa Administrative Code rule 701–302.87(2)“f”(4).

Line 6: The taxpayer must satisfy at least one of these six tests for material participation for each of the 10 years prior to the sale. Check the box for each test claimed. More than one test may be claimed. For more information on the tests for material participation, see Iowa Administrative Code rule 701—302.87(2)“e”.

Lines 6b and 6c: If claiming either of these tests, the taxpayer must consider the activities of all persons who participated in the business, including employees of the business and nonemployees who helped maintain the property or otherwise participated in the business.

Line 6d: If claiming this test, include a separate statement explaining the taxpayer's activities and hours of participation in all businesses claimed. Note: The taxpayer must participate in each such business more than 100 hours but no more than 500 hours for each year claimed.

Line 6e: If claiming this test, the taxpayer must be able to show that, for each year claimed, the taxpayer materially participated under any of the tests in lines 6a through line 6d for five of the ten years prior to the year claimed. If claiming this test, the taxpayer must also report having satisfied at least one of the tests in lines 6a through line 6d.

Line 6f: If claiming this test, include a separate statement explaining how, based on all facts and circumstances, the taxpayer materially participated in the business each year.

Line 7: Enter the taxpayer's daily, weekly, monthly, and yearly farming activities on the property sold during the period identified in Part II, line 1. Describe the taxpayer's activities in detail, and include the year(s) the taxpayer performed the activities. Do not include activities performed by any person other than the taxpayer, such as tenants and farm hands. For inherited property, activities performed by the decedent prior to death are not considered when determining whether a taxpayer has materially participated. The taxpayer's activities must be supported by records. Records prepared long after the activity are generally not acceptable.

Part III: Details of Property Sold

Line 1: Check the box to indicate whether the capital gain is from a C corporation.

Line 2: Enter the taxpayer's ownership percentage of the property sold at the time of the sale rounded to the nearest tenth of one percent (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%. If married filing jointly and both spouses are the only owners, enter 100%. If married filing separately and both spouses are owners, each spouse must complete an IA 100H and indicate on line 2 the separate ownership percentage of that spouse.

Line 3: 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 4: Check all boxes that indicate how the taxpayer acquired the property. If "Other", explain how the taxpayer acquired the property.

Line 5: Enter the names of all persons and entities that purchased the property and their relationship to the taxpayer, if applicable.

Line 6: 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 in the current tax year. Do not include any interest received.

Line 7: 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 Iowa capital gain deduction. The eligibility of the Iowa capital gain deduction reported here may be subject to further examination by the Department.