

Name(s): \_\_\_\_\_ Social Security Number: \_\_\_\_\_

**Purpose of form:** This form is for taxpayers who are retired farmers and want to make the lifetime election to claim the capital gain deduction from the sale of real property, cattle, horses, or other breeding livestock used in a farming business. This form should be used for sales occurring on or after January 1, 2023. Taxpayers who are not making the lifetime election to claim the capital gain deduction from the sale of real property, cattle, horses, or other breeding livestock used in a farming business should use either form IA 100A or IA 100H instead of this form. IA 100A should be used to claim the capital gain deduction from the sale of cattle, horses, or other breeding livestock. IA 100H should be used to claim the capital gain deduction from the sale of real property used in a farming business.

**Part I: Retired Farmer Election**

- 1. Is the taxpayer a retired farmer? See instructions for definition.  
No ..... Continue to Part II, line 1  
Yes ..... Continue to Part I, line 2. If the taxpayer is both a retired farmer and a surviving spouse, the taxpayer must complete Part II.
- 2. Is the taxpayer making a lifetime election to exclude qualifying capital gains from the sale of cattle, horses, breeding livestock, or real property used in a farming business? This will disqualify the taxpayer from claiming the beginning farmer tax credit or electing to deduct income from a farm tenancy agreement in this tax year or in any subsequent tax year.  
No ..... Complete form IA 100A or IA 100H, if eligible. Stop.  
Yes ..... Continue to Part I, line 3
- 3. Did the taxpayer claim the beginning farmer tax credit in the current tax year?  
No ..... Continue to Part I, line 4  
Yes ..... Sale is not eligible for Iowa capital gain deduction. Stop.
- 4. Did the taxpayer elect to exclude income from a farm tenancy agreement in this tax year or any prior tax year? See instructions.  
No ..... Continue to Part III, line 1  
Yes ..... Sale is not eligible for Iowa capital gain deduction. Stop.

**Part II: Surviving Spouse of a Retired Farmer**

- 1. Is the taxpayer the surviving spouse of a retired farmer?  
No ..... Complete form IA 100A or IA 100H, if eligible. Stop.  
Yes ..... Continue to Part II, line 2
- 2. Provide the date of the decedent's death (MM/DD/YYYY): \_\_\_\_\_
- 3. Did the decedent, prior to death, make an election to exclude capital gains from the sale of real property used in a farming business, cattle, horses, or other breeding livestock?  
No ..... Continue to Part II, line 4  
Yes ..... Continue to Part III, line 1
- 4. Did the decedent, prior to death, make an election to exclude net income from a farm tenancy agreement?  
No ..... See instructions about making an election on the spouse's behalf. Stop.  
Yes ..... Continue to Part II, line 5
- 5. Does the taxpayer want to disclaim the election made by the decedent prior to death? See instructions for information about disclaiming the election.  
No ..... The taxpayer is not eligible to take this exclusion. Stop.  
Yes ..... Complete the Surviving Spouse Disclaimer (41-190) to disclaim the election. Fill out Part I if the taxpayer qualifies as a retired farmer, then continue to Part III, line 1.



If the taxpayer is only reporting the sale of cattle, horses, or other breeding livestock, continue to Part VI.

Part III: 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 III, line 4  
 Yes  ..... Continue to Part V, line 1
- 4. Ownership period  
 a. Date acquired (MM/DD/YYYY): \_\_\_\_\_  
 b. Date sold (MM/DD/YYYY): \_\_\_\_\_
- 5. Length of holding period ..... Years a. \_\_\_\_\_ Months b. \_\_\_\_\_
- 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 IV: Material Participation in a Farming Business

- 1. Report the following for any 10 years in the aggregate the taxpayer materially participated in a farming business.

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



2. Cash Rent or Lease Arrangement

- 2a. Was the property rented on a cash rent or lease basis during the 10 years reported in Part IV, line 1?
  - No  ..... Continue to Part IV, line 3
  - Yes  ..... Continue to Part IV, 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 IV, line 6

3. Crop-Share Arrangement

- 3a. Was the property involved in a crop-share arrangement during the 10 years reported in Part IV, line 1?
  - No  ..... Continue to Part IV, line 5
  - Yes  ..... Continue to Part IV, line 3b
- 3b. Was the taxpayer subject to self-employment tax on the crop-share income?
  - No  ..... Continue to Part IV, line 4
  - Yes  ..... Continue to Part IV, 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, the sale is not eligible for the Iowa capital gain deduction. Stop.

- 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?
  - No  ..... Continue to Part IV, line 6
  - Yes  ..... Continue to Part IV, line 5b
- 5b. Was 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 IV, line 6



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- 6. Check the box for each applicable material participation test for which the taxpayer has documentation for the years reported in Part IV, line 1. 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 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 farming business during the period reported in Part IV, line 1. Include the years the taxpayer performed each duty. If the taxpayer was married during this period, include duties performed by either spouse.

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**Part V: Details of Real Property Sold**

- 1. Is the capital gain from a C corporation?
  - No  .....Continue to Part V, line 2
  - Yes  .....Sale is not eligible for the capital gain deduction. Stop.
- 2. Is the taxpayer the sole owner of this property? Married taxpayers, see instructions.
  - No  .....Continue to Part V, line 3
  - Yes  .....Enter 100% on Part V, line 3
- 3. Enter the taxpayer’s ownership percentage of the total property sold to the nearest one tenth of one percent (e.g., 65.2%) Married taxpayers, see instructions. .... 3. \_\_\_\_\_ %
- 4. Provide all other owner name(s): \_\_\_\_\_

- 5. 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): _____

6a. Provide all buyers name(s):	6b. Buyer’s relation to taxpayer (If unrelated enter “None.”):
_____	_____
_____	_____
_____	_____



7. Is the capital gain from an installment sale?

No  .....Continue to Part V, line 8

Yes  .....Enter the property installment sale information:

a. Start date (MM/DD/YYYY): ..... a. \_\_\_\_\_

b. End date (MM/DD/YYYY): ..... b. \_\_\_\_\_

c. Total capital gain to be received by taxpayer  
over the life of the installment sale ..... c. \$ \_\_\_\_\_

d. Capital gain received by the taxpayer in the current tax year ..... d. \$ \_\_\_\_\_

8. Iowa capital gain deduction from real property used in a farming business.

Enter amount here and on Part VIII, line 1 ..... 8. \$ \_\_\_\_\_

**If the taxpayer is only reporting the sale of real property used in a farming business, continue to Part VIII.**

**Part VI. Sale of Cattle, Horses, or Breeding Livestock**

1. Was the gain from the sale of livestock reported under IRC section 1231?

No  .....Sale is not eligible for Iowa capital gain deduction. Stop.

Yes  .....Continue to Part VI, line 2

2. Has the taxpayer sold all or substantially all of their interest in the farming business? See instructions.

No  .....Sale is not eligible for Iowa capital gain deduction. Stop.

Yes  .....Continue to Part VI, line 3

3. Check the box for each applicable material participation test for which the taxpayer has documentation for 5 of the 8 years preceding retirement or disability. See instructions. Check all that apply.

3a. Taxpayer participated in the business for more than 500 hours in the year .....

3b. Taxpayer's participation in the business constituted substantially all participation in the business in the year .....

3c. Taxpayer participated in the business more than 100 hours in the year, and no other person participated in the business more .....

3d. 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 .....

3e. 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 .....



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4. Describe in detail by activity the daily, weekly, monthly, and annual duties of the taxpayer associated with the farming business during 5 of the 8 years preceding retirement or disability. Include the years the taxpayer performed each duty. If the taxpayer was married during this period, include duties performed by either spouse.

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5. Report information on each livestock sale that meets the minimum holding period (see instructions).

Type of livestock (e.g., Cattle, Horse, Swine)	Livestock use (enter Breeding, Dairy, Draft, or Sporting)	Documented sale date	Meet minimum holding period?



**Part VII: Details of Cattle, Horses, or Other Breeding Livestock Sold**

- 1. Is the capital gain from a corporation?  
 No  ..... Continue to Part VII, line 2  
 Yes  ..... Sale is not eligible for the capital gain deduction. Stop.
- 2. Is the taxpayer the sole owner of this property? Married taxpayers, see instructions.  
 No  ..... Continue to Part VII, line 3  
 Yes  ..... Enter 100% on Part VII, line 3
- 3. Enter the taxpayer's ownership percentage of the total property sold to the nearest one tenth of one percent (e.g.,65.2%) Married taxpayers see instructions ..... 3. \_\_\_\_\_ %
- 4. Provide all other owner name(s): \_\_\_\_\_

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- 5. Is the capital gain from an installment sale?  
 No  ..... Continue to Part VII, line 6  
 Yes  ..... Enter the property installment sale information:
  - a. Start date (MM/DD/YYYY): ..... a. \_\_\_\_\_
  - b. End date (MM/DD/YYYY): ..... b. \_\_\_\_\_
  - c. Total capital gain to be received by taxpayer  
 over the life of the installment sale ..... c. \$ \_\_\_\_\_
  - d. Capital gain received by the taxpayer in the current tax year ..... d. \$ \_\_\_\_\_
- 6. Iowa capital gain deduction. Enter amount here and on Part VIII, line 2 ..... 6. \$ \_\_\_\_\_

**Part VIII: Total Iowa Capital Gain Deduction**

- 1. Capital gain from sale of real property used in a farming  
 business, Part V, line 8 ..... 1. \$ \_\_\_\_\_
- 2. Capital gain from sale of cattle, horses, or breeding livestock,  
 Part VII, line 6 ..... 2. \$ \_\_\_\_\_
- 3. Total. Add lines 1 and 2. Enter here and on IA 1040 Schedule 1, line 16 .... 3. \$ \_\_\_\_\_



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## Instructions for 2024 IA 100G – Iowa Capital Gain Deduction for Retired Farmers

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 cattle, horses, other breeding livestock, or real property used in a farm business. Complete a separate IA 100G for each sale of real 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: Retired Farmer Election

**Line 1:** Check the box to indicate if the taxpayer is a retired farmer. “Retired farmer” means an individual who is disabled or who is 55 years of age or older and who no longer materially participates in a farming business when an exclusion and deduction are claimed under Iowa Code section 422.7(13). If the taxpayer is both a retired farmer and a surviving spouse, the taxpayer must complete Parts I and II.

**Line 2:** Check the box to indicate if the taxpayer is making a single, lifetime election to exclude qualifying capital gains from the sale of cattle, horses, breeding livestock, or real property used in a farming business. This election will disqualify the taxpayer from making an election to exclude income from a farm tenancy agreement in this tax year or any subsequent tax year. This election will also disqualify the taxpayer from claiming the beginning farmer tax credit in this tax year.

**Line 3:** Check the box to indicate if the taxpayer claimed the beginning farmer tax credit in the current tax year.

**Line 4:** Check the box to indicate if the taxpayer has made an election to exclude income from a farm tenancy agreement covering real property in this tax year or in any prior tax year.

### Part II: Surviving Spouse of a Retired Farmer

**Line 1:** Check the box to indicate if the taxpayer is a surviving spouse of a retired farmer.

**Line 2:** Enter the date of the decedent's death.

**Line 3:** Check the box to indicate if the decedent made a single, lifetime election to exclude capital gains from the sale of cattle, horses, breeding livestock, or real property used in a farming business prior to death. A surviving spouse may make an election on the decedent's behalf on the decedent's final return if the decedent was eligible to make an election prior to death.

**Line 4:** Check the box to indicate if the decedent made a single, lifetime election to exclude net income from a farm tenancy agreement covering real property prior to death. If lines 2 and 3 are both checked “No,” then the decedent did not make an election prior to death. A surviving spouse may make an election on the decedent's behalf on the decedent's final return if the decedent was eligible to make an election prior to death.

**Line 5:** Check the box to indicate if the taxpayer wants to disclaim the election made by the decedent prior to death. If the taxpayer wants to disclaim the election, the taxpayer must complete the Surviving Spouse Disclaimer (41-190) and include it with their return. If the taxpayer wants to make their own election after disclaiming the decedent's election, the taxpayer must fill out Part I as a retired farmer and complete the form. If the taxpayer does not want to disclaim the election, the taxpayer is not eligible to claim the capital gain deduction. For more information about disclaiming the election, see Iowa Administrative Code rule 701—302.87(3)“b”(3).

### Part III: 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 who 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 III, line 4, is less than 10 years, explain why the ownership period differs from the holding period entered in Part III, 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 IV: Material Participation in a Farming Business**

**Line 1:** Complete the table for any 10 years in the aggregate the taxpayer materially participated in a farming business.

**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, such as non-tillable acres, in the respective calendar year. 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 III, 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 years reported in Part IV, line 1. 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 years reported in Part IV, line 1.

**Line 3b:** Check the box to indicate if the taxpayer is subject to self-employment tax on the crop-share income. If income from a crop-share arrangement was reported on federal form 4835, the income was not subject to self-employment tax and therefore may not be 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 years reported in Part IV, line 1, that the property was in a crop share arrangement. Check the box for each test claimed. More than one test may be claimed. For more information on the tests for material participation, see the instructions below and 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 years reported in Part IV, line 1.

**Line 5b:** Check the box to indicate if the income from the CRP was 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 five tests for material participation for each of the years reported in Part IV, line 1. 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, 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 in a farming business during the period identified in Part IV, 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 or the taxpayer’s spouse, 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 V: Details of Property Sold**

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

**Line 2:** Check the box to indicate if the taxpayer is the sole owner of the property sold. Married taxpayers should check “No” if they jointly own the property.

**Line 3:** Enter the taxpayer's ownership percentage of the property sold at the time of the sale rounded to the nearest tenth of one percent (e.g., 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 and only one spouse is making the single, lifetime election to exclude qualifying capital gains, only include the ownership percentage of the spouse making the election. If both spouses are making the election, each spouse must complete an IA 100G and report their respective ownership percentage.

**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 property. If "Other," explain how the taxpayer acquired the property.

**Line 6:** Enter the names of all persons and entities that purchased the property and their relationship to the taxpayer, if applicable.

**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 in the current tax year. Do not include any interest received.

**Line 8:** Enter the amount of the taxpayer's capital gain deduction claimed from the sale of real property used in a farming business. 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.

#### **Part VI: Sale of Cattle, Horses, or Breeding Livestock**

**Line 1:** Check the box to indicate whether the taxpayer reported the capital gain under Internal Revenue Code (IRC) section 1231.

**Line 2:** Check the box to indicate if the taxpayer sold all or substantially all of their interest in the

farming business. "Substantially all" means at least 90% of their interest.

**Line 3:** The taxpayer must satisfy at least one of these five tests for material participation for each of the years reported in Part IV, line 1. 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 3b and 3c:** 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 3d:** 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 3e:** 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 4:** Enter the taxpayer's daily, weekly, monthly, and yearly activities in the farming business during 5 of the 8 years preceding retirement or disability. 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 or the taxpayer's spouse, 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.

**Line 5:** Complete the table as instructed. Enter each animal sold on a separate line; however, if multiple animals have identical information in each column of the table, the animals may be combined on one line by entering the number and type of livestock sold in the first column (e.g., "3 Bulls," "10 Swine"). Include a separate statement if more lines are needed.

**Type of livestock:** Enter the type of livestock sold as “Cattle” or “Horses,” or specify the type of breeding livestock sold. Breeding livestock may include poultry, chickens, turkeys, swine, donkeys, sheep, goats, fur-bearing mammals, and other mammals. For more information about what animals qualify, see Iowa Code section 717.1.

**Livestock use:** Enter whether the taxpayer used the livestock sold for “Breeding,” “Dairy,” “Draft,” or “Sporting” purposes. Livestock other than cattle and horses must be used for breeding purposes to qualify for the Iowa capital gain deduction.

**Documented sale date:** Enter the sale date for the livestock sold, as indicated in supporting documentation and as reported on the taxpayer’s federal return.

**Meet minimum holding period?:** Enter “Yes” or “No” to indicate whether the livestock sold meet the minimum holding period. Cattle and horses must be held for at least 24 months. Other breeding livestock must be held for at least 12 months. Cattle, horses, and other breeding livestock that do not meet the minimum holding period do not qualify for the Iowa capital gain deduction and should not be included.

### **Part VII: Details of Cattle, Horses, or Other Breeding Livestock Sold**

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

**Line 2:** Check the box to indicate if the taxpayer is the sole owner of the property sold. Married taxpayers should check “No” if they jointly own the property.

**Line 3:** Enter the taxpayer’s ownership percentage of the property sold at the time of the sale to the nearest one tenth of one percent (e.g., 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 and only one spouse is making the single, lifetime election to exclude qualifying capital gains, only include the ownership percentage of the spouse making the election. If both spouses are making the election, each spouse must complete an IA 100G and report their respective ownership percentage.

**Line 4:** Enter the names of all persons and entities that owned the livestock 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 of the owners must be reported here.

**Line 5:** Check the box to indicate whether 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 6:** Enter the amount of the taxpayer’s capital gain deduction claimed from the sale of cattle, horses, or other breeding livestock. **Note:** 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.