

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

1. Corporation that issued the elected stock: \_\_\_\_\_
2. Is the taxpayer making or has the taxpayer previously made a single, lifetime election to exclude the capital gain from the sale or exchange of a single stock?
  - No ..... This form is only for taxpayers making the election. Stop.
  - Yes, the taxpayer previously made the election. Continue to line 3
  - Yes, the taxpayer is currently making the election. Continue to line 4
3. Is the corporation identified on line 1 the same corporation whose stock the taxpayer previously elected to deduct?
  - No  ..... The elected stock does not qualify for the capital gain deduction. Stop.
  - Yes  ..... Continue to line 4
4. Corporation(s) at which the employee-owner was employed when the employee-owner acquired the elected stock.

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If the corporation identified on line 4 is the same as the corporation identified on line 1, continue to line 6.

If the corporations identified are different, continue to line 5.

5. If the corporations identified on lines 1 and 4 are different, explain why the elected stock qualifies for the capital gain deduction.
  - The corporations are members of an affiliated group appearing on the same Iowa consolidated income tax return in this tax year.
  - The corporation identified on line 1 was a party to a reorganization that was entirely or substantially tax free and that reorganization occurred during or after the employee-owner's employment at the corporation.
  - Other. Explain: \_\_\_\_\_
6. Employee-owner's term(s) of employment with the corporation identified on line 4. If the employee-owner worked multiple non-consecutive terms with the corporation, list each term separately. If still employed by the corporation, only include the start date (MM/DD/YYYY): \_\_\_\_\_
7. Date on which the first share of stock was acquired by the employee-owner on account of employment (MM/DD/YYYY): \_\_\_\_\_
8. Date on which the stock was initially sold or exchanged. If the same corporate stock has been sold or exchanged over the course of more than one tax year, indicate the first date any stock was sold or exchanged (MM/DD/YYYY): \_\_\_\_\_
9. How did the taxpayer acquire the qualifying stock?
  - By employee-owner from/through employer on account of employment. Continue to line 12
  - From the taxpayer's spouse through an inter vivos gift. Continue to line 10
  - From a trust established by the taxpayer's spouse for the taxpayer's benefit. Continue to line 10



10. Spouse's name: \_\_\_\_\_ Spouse's SSN: \_\_\_\_\_

11. Was the taxpayer married to their spouse on the date of the spouse's death or the date of the initial sale or exchange identified on line 8?

No  .....The elected stock does not qualify for the capital gain deduction. Stop.

Yes  .....Continue to line 12

12. Has the corporation identified on line 1 employed people in Iowa for at least 10 years prior to the initial sale or exchange identified on line 8?

No  .....The elected stock does not qualify for the capital gain deduction. Stop.

Yes  .....Continue to line 13

13. Has the corporation identified on line 1 had at least five shareholders for the 10 years prior to the initial sale or exchange identified on line 8?

No  .....The elected stock does not qualify for the capital gain deduction. Stop.

Yes  .....Continue to line 14

14. Has the corporation identified on line 1 had at least two shareholders or groups of shareholders who are not related for the 10 years prior to the initial sale or exchange identified on line 8?

No  .....The elected stock does not qualify for the capital gain deduction. Stop.

Yes  .....Continue to line 15

15. Complete the table for each sale or exchange of the elected stock in this tax year

(A) Description of property	(B) Date sold or disposed of (MM/DD/YYYY)	(C) Gain or (loss)

Total of Column C ..... \$ \_\_\_\_\_

16. Iowa capital gain deduction. Multiply the total of line 15, Column C by 66% (.66).

Enter here and include on IA 1040 Schedule 1, line 16. .... 16. \$ \_\_\_\_\_



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## Instructions for 2024 IA 100J – Capital Stock Election

The Iowa capital gain deduction for the sale of qualifying capital stock was new for tax year 2023. For tax year 2023, taxpayers were allowed a deduction equal to 33% of the net capital gain from the sale or exchange. This increased to 66% in tax year 2024, and then will increase to 100% in tax years beginning on or after January 1, 2025.

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 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 or exchanges of qualifying capital stock. Complete the entire form each year of a qualifying sale, including all parts.

For married taxpayers who both independently qualify for this election, each spouse must complete an IA 100J for the Iowa capital gain deduction claimed based on their respective sale or exchange of elected stock in the current tax year.

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—302.41.

**Line 1:** Identify the name of the corporation that issued the elected stock. Report the name of the corporation as it existed when the first share of stock was issued.

**Line 2:** By checking yes, you are declaring your intent to elect to exclude capital gains from the sale or exchange of a stock issued by the corporation identified on line 1 within the next fifteen years. Once an election is made, you may not revoke the election or elect to exclude gain from another stock. If the employee-owner has previously elected a corporation's stock to exclude, you may only exclude the capital gain from a subsequent sale or exchange of stock issued by the same corporation.

**Line 4:** Identify the name of the corporation at which you were employed when you acquired the capital stock. This may be a different corporation than the one identified on line 1.

**Note:** The company that employed the taxpayer must be a corporation. Employees of non-

corporate entities, such as limited liability companies (LLCs), will not be allowed this deduction, even if the parent company is a corporation.

**Line 5:** If the corporation(s) identified on line 4 is different from the corporation identified on line 1, explain why the corporation qualifies for this capital gain deduction.

**Line 7:** Report the date in which you first acquired the stock on account of employment. For capital stock to have been acquired on account of employment, the employee-owner must have acquired the capital stock in a manner only available to employees of the qualified corporation. Capital stock acquired at formation in exchange for capital contribution is not acquired on account of employment. Do not report the date a stock right, stock warrant, stock option, or debt security was first issued to you.

**Line 9:** Report how you acquired the stock of the elected corporation. If the stock was acquired in a manner not listed on line 9, it will not qualify for this election.

**Lines 10-11:** If you acquired the stock of the elected corporation through an inter vivos gift from your spouse or through a trust established by your spouse, provide the required information about your spouse.

**Lines 12-14:** Report the required information about the qualified corporation. You may need to contact the corporation to verify that the information is correct.

**Line 15:** Complete the table with all required information about each sale or exchange of the elected stock in the current tax year. If there were multiple sales or exchanges, complete a separate row for each sale or exchange.

**Line 16:** Enter the amount of the taxpayer's capital gain deduction claimed, 66% of the total on line 15, Column C. Note that the deduction applies to the net capital gain from a sale. The eligibility of the Iowa capital gain deduction reported here may be subject to further examination by the Department.