

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

Due to recent legislation, the Iowa capital gain deduction is repealed for most transactions occurring on or after January 1, 2023.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 or other breeding livestock by a retired farmer who has sold all or substantially all of their interest in the farming business
3. Sales of cattle or horses held for breeding, draft, dairy, or sporting purposes or other breeding livestock by a taxpayer that received more than half of their gross income from farming or ranching and did not make a single life-time election under item 2 listed above
4. Deductions for previously eligible installment sales that occurred prior to January 1, 2023

The Iowa capital gain deduction is subject to review by the Iowa Department of Revenue. The Department will use the applicable IA 100 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 with the exception of the IA 100G and multiple livestock sales reported on the IA 100A. 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. Married taxpayers filing separately must complete separate Iowa capital gain deduction forms based on each spouse's ownership percentage in the property. All married taxpayers must complete a separate IA 100G regardless of filing status.

The sale of an asset by a C corporation generally does not qualify for the Iowa capital gain deduction.

Each Iowa capital gain deduction must be reported on one of the below forms.

The following form can be used for all qualifying sales.

- Sale of Cattle, Horses, or Breeding Livestock, IA 100A

The following forms should only be used to report installment sales for sales occurring prior to January 1, 2023.

- Sale of Real Property Used in a Farming Business, IA 100B
- Sale of Real Property Used in a Non-Farming Business, IA 100C
- Sale of Timber, IA 100D
- Sale of Business, IA 100E
- Sale of Employer Securities to a Qualified Iowa Employee Stock Ownership Plan, IA 100F

The following forms should only be used for sales occurring on or after January 1, 2023.

- Sales by a Retired Farmer, IA 100G
- Sale of Real Property Used in a Farming Business, IA 100H
- Sale of Capital Stock, IA 100J

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) rules 701—302.41 and 701—302.87.