

Name(s) _____ SSN _____

Part I: Sale of Employer Securities to a Qualified Iowa Employee Stock Ownership Plan (ESOP)

- 1. Name of Iowa C corporation _____ Note: A limited liability company (LLC) is not considered to be an Iowa corporation for the purposes of this deduction. 2. Does the qualified Iowa ESOP own at least 30% of all outstanding employer securities issued by the Iowa C corporation? No [] ... Sale is not eligible for Iowa capital gain deduction. Stop. Yes [] ... Continue to Part II, line 1.

Part II: Details of Property Sold

- 1. Were the employer securities sold Iowa C corporation stock? No [] ... Sale is not eligible for Iowa capital gain deduction under sale of employer securities to a qualified Iowa ESOP. Stop. Yes [] ... Continue to Part II, line 2. 2. Are you the sole owner of the employer securities? Married filers, see instructions. No [] ... Continue to Part II, line 3. Yes [] ... Enter 100% on Part II, line 3. 3. Enter taxpayer's ownership percentage of the total employer securities sold to three decimal places (for example 65.2%) 3. _____ % 4. Provide all other owner name(s) _____ 5. Provide the name of the qualifying Iowa ESOP _____ 6. Is the capital gain from an installment sale? No [] ... Continue to Part II, line 7. Yes [] ... Enter the property installment sale information: a. Start date 6a. _____ b. End date 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 tax year 2020 6d. \$ _____ 7. Enter the amount of taxpayer's capital gain received from this sale in tax year 2020 7. \$ _____ 8. Iowa capital gain deduction. Multiply Part II, line 7 by 50% (0.5). Enter here and include on IA 1040 line 23 8. \$ _____



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Instructions for 2020 IA 100F – Iowa Capital Gain Deduction Sale of Employer Securities to a Qualified Iowa ESOP

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. Complete a separate IA 100F for each sale to a qualified Iowa ESOP. Complete the form each year of a qualifying installment sale, including all parts.

For taxpayers filing separately on the same return, each spouse must complete an IA 100F for the Iowa capital gain deduction claimed based on the spouse's ownership percentage in the employer securities.

Flowcharts to assist in determining if a gain qualifies are also available in the expanded instructions online. For more information on the Iowa capital gain deduction, see the instructions below and Iowa Administrative Code rule 701—40.38.

Part I: Sale of Employer Securities to a Qualified Iowa Employee Stock Ownership Plan (ESOP)

Line 1. Enter the name of the Iowa C corporation whose employer securities the taxpayer sold. Note: A limited liability company (LLC) is not considered to be an Iowa corporation for the purposes of this deduction. In addition, an Iowa corporation is a corporation whose commercial domicile is in Iowa.

Line 2. Check the box to indicate whether, upon completion of the sale, the qualified Iowa ESOP owned at least 30% of all outstanding employer securities issued by the Iowa C corporation entered in Part I, line 1.

Part II: Details of Property Sold

Line 1. Check the box to indicate whether the employer securities sold were Iowa C corporation stock.

Line 2. If married filing jointly and both spouses are the only owners, check yes. If married filing separately and both spouses are owners, check no; each spouse must complete an IA 100F and indicate on line 3 the separate ownership percentage of that spouse.

Line 3. Enter the taxpayer's ownership percentage of the employer securities sold at the time of the sale to three decimal places (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%.

Line 4. Enter the names of all persons and entities that owned the employer securities at the time of sale. If the capital gain flowed through to the taxpayer from a partnership, S corporation, LLC, estate, or trust, all owners of the entity must be reported.

Line 5. Enter the name of the qualifying Iowa ESOP.

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 during tax year 2020. Do not include any interest received.

Line 8. Enter the amount of the taxpayer's capital gain deduction claimed, 50% of line 7. 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.