

Name: \_\_\_\_\_ SSN or FEIN: \_\_\_\_\_

Tax period: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ to \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Part I — Information on the Like-Kind Exchange of Personal Property**

1. Description of like-kind personal property given up:

\_\_\_\_\_

2. Description of like-kind personal property received:

\_\_\_\_\_

3. Date like-kind property given up was originally acquired (MM/DD/YY). ..... 3. \_\_\_\_\_

4. Date you actually transferred your property to the other party (MM/DD/YY)..... 4. \_\_\_\_\_

5. Date like-kind property you received was identified by written notice to another party (MM/DD/YY). ..... 5. \_\_\_\_\_

6. Date you actually received the like-kind property from the other party (MM/DD/YY). ..... 6. \_\_\_\_\_

7. Was the exchange of property identified on lines 1 or 2 made directly or indirectly with a related party? If YES, continue and include the following information. If NO, skip to line 9.

Name of related party: \_\_\_\_\_

Relationship to you: \_\_\_\_\_

Address: \_\_\_\_\_

Related party's SSN or FEIN: \_\_\_\_\_

8. Did you or the related party subsequently sell or dispose of the property identified on line 1 or 2? If NO. Continue to line 9.

If YES. Stop, you cannot use IA 8824 unless one of the following exceptions applies. If exception applies, check appropriate box below, then continue to line 9.

- a. Disposition was after death of either of the related parties.....
- b. Disposition was an involuntary conversion, and threat of conversion occurred after exchange.....
- c. Neither the exchange nor the subsequent disposition had tax avoidance as one of its principal purposes. Provide explanation upon request. ....

**Part II — Realized Gain/(Loss), Recognized Gain, and Basis of Like-Kind Personal Property Received**

- 9. Fair market value (FMV) of other property given up. .... 9. \_\_\_\_\_
- 10. Federal adjusted basis of other property given up..... 10. \_\_\_\_\_
- 11. Federal gain/(loss) recognized on other property given up.  
Subtract line 10 from line 9. .... 11. \_\_\_\_\_
- 12. Cash received, FMV of other property received, plus net liabilities assumed by  
other party, reduced (but not below zero) by any exchange expenses incurred.  
See instructions. .... 12. \_\_\_\_\_
- 13. FMV of like-kind property received. .... 13. \_\_\_\_\_
- 14. Add lines 12 and 13. .... 14. \_\_\_\_\_
- 15. Iowa adjusted basis of like-kind property given up, net amounts paid to other  
party, plus net liabilities assumed by the other party, reduced (but not below  
zero) by any exchange expenses incurred. See instructions..... 15. \_\_\_\_\_
- 16. Realized gain/(loss). Subtract line 15 from line 14..... 16. \_\_\_\_\_
- 17. Enter smaller of line 12 or line 16, but not less than zero. .... 17. \_\_\_\_\_
- 18. Ordinary income under recapture rules. See instructions. .... 18. \_\_\_\_\_
- 19. Subtract line 18 from line 17. If more than zero, enter here.  
If zero or less, enter zero. .... 19. \_\_\_\_\_
- 20. Iowa recognized gain. Add lines 18 and 19. .... 20. \_\_\_\_\_
- 21. Iowa deferred gain/(loss). Subtract line 20 from line 16..... 21. \_\_\_\_\_
- 22. Iowa basis of like-kind property received. Subtract line 12 from the sum  
of lines 15 and 20. .... 22. \_\_\_\_\_

**Part III — Nonconformity Adjustment — Reconciliation of Federal Gain or Loss**

- 23. Gain or loss from your federal return.  
Enter a gain as a negative number. Enter a loss as a positive number.  
See instructions if federal gain is reported using the installment sale method  
under section 453 of the Internal Revenue Code. .... 23. \_\_\_\_\_
- 24. Enter the recognized gain reported above on line 20 as a positive number. See  
instructions if federal gain on line 23 reported using installment sale method. ... 24. \_\_\_\_\_
- 25. If line 23 is a positive number, subtract line 24 from line 23. If line 23 is a negative  
number, add lines 24 and 23. Enter here and see instructions. .... 25. \_\_\_\_\_

**Cost Recovery Adjustments on Like-Kind Personal Property Received:** If you claimed a federal bonus depreciation or section 179 deduction on the like-kind personal property received in the exchange (identified on line 2 of this form), or if your Iowa basis in that personal property (as calculated on line 22 of this form) is different than your federal basis in the same personal property, you must calculate and track any required cost recovery adjustments to the personal property on IA 4562A and IA 4562B.

## Instructions

The term Internal Revenue Code (IRC) refers to Title 26 of U.S. Code, in effect on January 1, 2015.

### Purpose of Form

Use IA 8824 to compute exchanges of business or investment like-kind personal property completed after December 31, 2017, but before the end of your last tax year beginning on or after January 1, 2019, but before January 1, 2020. For tax years beginning on or after January 1, 2020, Iowa fully conforms to the federal treatment for these exchanges, and no special election to claim a like-kind exchange of personal property is available.

The federal Tax Cuts and Jobs Act of 2017 repealed the deferral of gain or loss from exchanges of like-kind personal property under section 1031 of the IRC. This repeal generally applies to exchanges completed after December 31, 2017. However, Iowa has not conformed to this repeal for tax year 2018. Also, Iowa taxpayers may elect to apply the prior federal rules for like-kind exchanges of personal property completed during tax year 2019 (your tax year that begins on or after January 1, 2019, but before January 1, 2020).

**Tax Year 2017 Fiscal Year Filers:** Iowa has not conformed to this repeal for exchanges completed after December 31, 2017, but before the close of your fiscal year ending in 2018. Like-kind exchange treatment is mandatory for Iowa purposes for exchanges completed during this period.

**Caution:** Do not use IA 8824 for any exchange of like-kind personal property that was reported on federal form 8824 because the personal property disposed of by the taxpayer in the exchange was disposed of on or before December 31, 2017, or the personal property received by the taxpayer in the exchange was received on or before December 31, 2017.

**Tax Year 2018 Exchanges:** For exchanges completed during tax year 2018, like-kind exchange treatment is mandatory for Iowa purposes. Use this worksheet to compute and document any qualifying like-kind exchange of personal property.

**Tax Year 2019 Exchanges:** For exchanges completed during tax year 2019, like-kind exchange treatment is elective for Iowa purposes. An election only applies to the transactions involved in the like-kind exchange,

and you may elect or not elect to treat other qualifying transactions as a like-kind exchange for Iowa purposes. The election is made for a qualifying exchange by completing this worksheet and making any required adjustments on the IA 101 Nonconformity Adjustments Schedule and the IA 4562A and IA 4562B. No special attachment or statement is required.

**Tax Years 2020 or later:** Do **NOT** use this worksheet to compute personal property transactions completed in tax year 2020 or later. For tax years beginning on or after January 1, 2020, this worksheet should only be used to compute related party transactions and federal installment sale gains related to like-kind exchanges of personal property completed prior to tax year 2020.

Do not include this worksheet with your tax return, but keep it for your records. You are responsible for providing documentation of any like-kind exchange at the Department's request. For more information on like-kind exchanges, see Iowa Admin. Code rr 701-302.83, 53.27, 59.10.

Part I is used to track information on the exchange of like-kind personal property. Part II computes the amount of gain required to be reported on the Iowa tax return in the current year if cash or property that is not like-kind is involved in the exchange, and computes the Iowa basis of the like-kind property received. Part III reconciles any Iowa recognized gain on the like-kind personal property with any gain or loss claimed on that property for federal tax purposes.

**Multiple Exchanges.** If you made more than one like-kind exchange of personal property, you can complete a summary on one IA 8824 and your own statement showing all the information requested on IA 8824 for each exchange. Include your name and identifying number at the top of each page of the statement. On the summary IA 8824, enter only your name and identifying number, "Summary" on line 1, the total Iowa recognized gain from all exchanges on line 20, and the total Iowa basis of all like-kind property received on line 22.

**Multi-Asset Exchanges.** A multi-asset exchange involves the transfer and receipt of more than one group of like-kind properties. For example, an exchange of computers, vehicles, and cash for computers and vehicles

is a multi-asset exchange. An exchange of computers, vehicles, and cash for computers only is not a multi-asset exchange. The transfer or receipt of multiple properties within one like-kind group is also a multi-asset exchange. Special rules apply when figuring the amount of gain recognized and your basis in properties received in a multi-asset exchange. For details, see Treas. Reg. § 1.1031(j)-1.

**Reporting of Multi-Asset Exchanges.** If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, do not complete lines 9 through 15 of IA 8824. Instead, complete your own statement showing how you computed the realized and recognized gain, and enter the correct amount on lines 16 through 22.

### When to Complete

If you transferred personal property to another party in a like-kind exchange completed after December 31, 2017, but before your tax year that begins on or after January 1, 2019, you must complete IA 8824 for that year. If you transferred personal property to another party in an exchange completed during tax year 2019 (your tax year that begins on or after January 1, 2019, but before January 1, 2020) and you elect to apply like-kind exchange treatment for Iowa tax purposes, you must complete IA 8824 for that year. Also complete IA 8824 for the two years following the year of a related party exchange. See the instructions for line 7, later, for details. Also complete IA 8824 for each year in which federal installment sale gain is recognized resulting from the disposition of personal property given up in a qualifying Iowa like-kind exchange. See the instructions for lines 23 and 24, later.

### Additional Information

For additional information on like-kind exchanges, like-kind property, deferred exchanges, multi-asset exchanges, and exchanges using qualified exchange accommodation arrangements, see 2017 federal form 8824 instructions and 2017 IRS Pub. 544. But note that Iowa has not conformed to the federal repeal of like-kind exchanges of personal property for certain tax periods as described above.

### Specific Instructions

#### Part I — Information on the Like-Kind Exchange of Personal Property

**Lines 1 and 2:** Enter a short description of the personal property. For property located outside the United States, include the country.

**Line 5:** Enter on line 5 the date of the written identification of the like-kind property you received in a deferred exchange. To comply with the 45-day written identification requirement, the following conditions must be met:

1. The like-kind property you receive in a deferred exchange is designated in writing as replacement property either in a document you signed or in a written agreement signed by all parties to the exchange.
2. The document or agreement describes the replacement property in a clear and recognizable manner.
3. No later than 45 days after the date you transferred the property you gave up:
  - a. You send, fax, or hand deliver the document you signed to the person required to transfer the replacement property to you (including a disqualified person) or to another person involved in the exchange (other than a disqualified person), or
  - b. All parties to the exchange sign the written agreement designating the replacement property.

Generally, a disqualified person is either your agent at the time of the transaction or a person related to you. For more details, see Treas. Reg. § 1.1031(k)-1(k).

**Note:** If you received the replacement property before the end of the 45-day period, you automatically are treated as having met the 45-day written identification requirement. In this case, enter on line 5 the date you received the replacement property.

**Line 6:** Enter on line 6 the date you received the like-kind property from the other party.

The property must be received by the earlier of the following dates:

- The 180th day after the date you transferred the property given up in the exchange.

The due date (including extensions) of your tax return for the year in which you transferred the property given up.

**Line 7:** Special rules apply to like-kind exchanges made with related parties, either directly or indirectly. A related party includes your spouse, child, grandchild, parent,

grandparent, brother, sister, or a related corporation, S corporation, partnership, trust, estate, or tax-exempt organization. See IRC § 1031(f). An exchange made indirectly with a related party includes:

- An exchange made with a related party through an intermediary (such as a qualified intermediary or an exchange accommodation titleholder, as defined in IRS Pub. 544), or
- An exchange made by a disregarded entity (such as a single member limited liability company) if you or a related party owned that entity.

An exchange structured to avoid the related party rules is not a like-kind exchange. Do not include it on IA 8824. For more details see IRC section 1031(f)(4), and see IRS Rev. Rul. 2002-83, available on page 927 of Internal Revenue Bulletin 2002-49.

If, after the exchange, you own replacement property that a related party sold into the exchange through an unrelated party such as a qualified intermediary, do not include the transaction on IA 8824 unless one of the exceptions on line 8 applies.

If you or the related party (either directly or indirectly) dispose of property received in an exchange before the date that is two years after the last transfer which was part of the exchange, the amount from line 25 must be reported on your Iowa return for the year of disposition (unless an exception on line 8 applies).

If you are completing this form for one of the two years following the year of the exchange, complete Part I. If line 8 is "No," stop. You do not have to complete Part II or III.

If line 8 is "Yes," and an exception on line 8 applies, check the applicable box on line 8, provide upon request any required explanation, and stop. If none of the exceptions on line 8 apply, complete Parts II and III. Report the amount of any nonconformity adjustment from line 25 that was previously reported on your Iowa tax return on this year's Iowa tax return as follows:

- If the nonconformity adjustment is a positive number and was originally reported on a previous return as income, report such amount on this year's Iowa tax return as a reduction to income.
- If the nonconformity adjustment is a negative number and was originally reported on a

previous return as a reduction to income, report such amount on this year's Iowa tax return as income.

**Line 8:** If you can establish that tax avoidance was not a principal purpose of both the exchange and the disposition, include an explanation upon request. Generally, tax avoidance will not be seen as a principal purpose in the case of:

- A disposition of property in a nonrecognition transaction, or
- An exchange in which the related parties derive no tax advantage from the shifting of basis between the exchanged properties, or
- An exchange of undivided interests in different properties resulting in each related party holding either the entire interest in a single property or a larger undivided interest in any of the properties.

**Part II — Summary of Gains and Losses**

**Lines 9, 10, and 11:** Line 9 should be completed if other property that does not qualify as like-kind property was part of the exchange, in addition to the like-kind property. Enter the FMV and the adjusted basis of the other property on lines 9 and 10, respectively. The gain/(loss) from this property is computed on line 11 and should be the same gain/(loss) reported with respect to that item of property for federal tax purposes. Any difference in gain/(loss) between federal and Iowa resulting from previous Iowa depreciation adjustments should be calculated and tracked on IA 4562A and IA 4562B.

**Line 12:** Include on line 12 the result of the following calculation:

- A. Cash paid to you by the other party.  
..... A. \_\_\_\_\_
  - B. FMV of non like-kind property received. .... B. \_\_\_\_\_
  - C. Net liabilities assumed by the other party. See below. .... C. \_\_\_\_\_
  - D. Exchange expenses you incurred.  
..... D. \_\_\_\_\_
- Total. Add lines A, B, and C, then subtract line D. If less than zero enter 0. .... \_\_\_\_\_

**Net Liabilities Assumed by the Other Party:**

The excess, if any, of liabilities assumed by the other party over the total of (1) any liabilities you assumed, (2) cash you paid to the other party, and (3) the FMV of the other (not like-kind) property you gave up.

The following rules apply in determining the amount of liability treated as assumed.

- A recourse liability (or portion thereof) is treated as assumed by the party receiving the property if that party has agreed to and is expected to satisfy the liability (or portion thereof). It does not matter whether the party transferring the property has been relieved of the liability.
- A nonrecourse liability generally is treated as assumed by the party receiving the property subject to the liability. However, if an owner of other assets subject to the same liability agrees with the party receiving the property to, and is expected to, satisfy part or all of the liability, the amount treated as assumed is reduced by the smaller of (a) the amount of the liability that the owner of the other assets has agreed to and is expected to satisfy or (b) the FMV of those other assets.

**Line 15:** Include on line 15 the result of the following calculation:

- A. The Iowa adjusted basis of the like-kind property you gave up..... A. \_\_\_\_\_
- B. Exchange expenses, if any (except for expenses used to reduce the amount reported on line 12.) ..... B. \_\_\_\_\_
- C. Net amount paid to the other party. See below..... C. \_\_\_\_\_
- Total. Add lines A, B, and C..... \_\_\_\_\_

**Net Amount Paid to the Other Party:** The excess, if any, of the total of (1) any liabilities you assumed, (2) cash you paid to the other party, and (3) the FMV of the other (not like-kind) property you gave up over any liabilities assumed by the other party.

For more information on calculating amounts to enter on line 12 and 15, see Treas. Reg. § 1.1031(d)-2.

**Line 18:** If you disposed of IRC section 1245, 1250, 1252, 1254, or 1255 property (see the instructions for Part III of federal form 4797), you may be required to designate as ordinary income part or all of the realized gain (line 16). Compute the amount to enter on line 18 as follows:

**Section 1245 Property.** Enter the smaller of:

1. The total Iowa adjustments for deductions (whether for the same or other property) allowed or allowable to you or any other person for depreciation or amortization (up to the amount of gain shown on line 16), or

2. The gain shown on line 17, if any, plus the FMV of non-section 1245 like-kind property received.

**Section 1250 Property.** Enter the smaller of:

1. The gain you would have had to report as ordinary income because of additional depreciation if you had sold the property (see the federal form 4797 instructions), or
2. The larger of:
  - a. The gain shown on line 17, if any, or
  - b. The excess, if any, of the gain in item (1) above over the FMV of the section 1250 property received.

**Section 1252, 1254, and 1255 Property.** The rules for these types of property are similar to those for section 1245 property. See IRC § 453(f)(6); Treas. Reg. §§ 1.1252-2(d), 1.1254-(d); Temp. Treas. Reg. § 16A.1255-2(c).

**Line 21:** If line 16 is a loss, enter it on line 21. Otherwise, subtract the amount on line 20 from the amount on line 16 and enter the result. For exchanges with related parties, see the instructions for line 7, earlier.

**Line 22:** The amount on line 22 is your Iowa basis in the like-kind property you received in the exchange. Your basis in other property received in the exchange, if any, is its FMV.

**Part III — Nonconformity Adjustment — Reconciliation of Federal Gain or Loss**

**Line 23:** Include the total amount of gain or loss (including gain recaptured as ordinary income) reported on your federal tax return resulting from the disposition of the personal property described on line 1 of this IA 8824. If the total federal gain will be reported over more than one year using the installment sale method under IRC section 453, complete an IA 8824 with respect to this exchange during each tax year in which federal gain is reported.

**Line 24:** If the amount entered on line 20 is greater than zero, enter the full amount unless the federal gain on line 23 is being reported using the installment sale method under IRC section 453. In such cases, include on line 24 for the tax year the proportion of the total amount on line 20 that is equal to the same proportion that the federal gain reported on line 23 for the tax year bears to the cumulative amount of federal gain that will ultimately be reported for all tax years resulting from the disposition of the personal property described on line 1 of this IA 8824.

**Line 25:** Enter the result of line 25 on the appropriate form and line based on the following charts for the appropriate tax year.

**2017 Year - Fiscal Filers Only**

Iowa Form:	Enter positive amounts from line 25 on:	Enter negative amounts from line 25 on:
1040	Other income, line 14	Other income, line 14
1041	Other income, line 8	Other income, line 8
1065	Part III, line 3	Part III, line 6
1120	Schedule A, line 15	Schedule A, line 15
1120S	Part III, line 3	Part III, line 7
1120F	Schedule A, line 6	Schedule D, line 7

**2018 Tax Year**

Iowa Form:	Enter positive amounts from line 25 on:	Enter negative amounts from line 25 on:
1040	Other income, line 14	Other income, line 14
1041	Other income, line 8	Other income, line 8
1065	Nonconformity Adjustments Worksheet	Nonconformity Adjustments Worksheet
1120	Nonconformity Adjustments Worksheet	Nonconformity Adjustments Worksheet
1120S	Nonconformity Adjustments Worksheet	Nonconformity Adjustments Worksheet
1120F	Nonconformity Adjustments Worksheet	Nonconformity Adjustments Worksheet

**2019 Tax Year and later tax years**

Iowa Form:	Enter positive amounts from line 25 on:	Enter negative amounts from line 25 on:
1040	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2
1041	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2
1065	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2
1120	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2
1120S	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2
1120F	IA 101 Nonconformity Adjustments Schedule, line 2	IA 101 Nonconformity Adjustments Schedule, line 2