

Before You Complete the Applicable Iowa Capital Gain Deduction Form

Under tax reform passed in 2018 and 2019, and modified during the 2021 and 2022 legislative sessions, the Iowa capital gain deduction is repealed for most transactions occurring on or after January 1, 2023.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. Deductions for previously eligible installment sales that occurred prior to January 1, 2023

New for tax year 2023: Iowa capital gain deductions for the sale of qualifying capital stock from a qualified corporation by an employee-owner are reported on the IA 100J. See the IA 100J for more information about this capital gain deduction.

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

- Sale of Cattle, Horses, or Breeding Livestock, IA 100A
- Sale of Real Property Used in a Farm Business, IA 100B
- Sale of Real Property Used in a Non-Farm 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.