REAL PROPERTY used in a NON-FARM BUSINESS

701 IAC 40.38 **IRC**

Is the federal holding period under IRC §1223 10 years or more immediately prior to the sale? — No

Yes ↓

Did the taxpayer materially participate for federal purposes for 10 years immediately prior to the sale? IRC §469 (h) 40.38 (1) — No

Yes ↓

Is the capital gain a flow through from a partnership, S corporation, LLC, estate or trust? — No

Yes ↓

Do the flow through owners meet the holding period qualifications and material participation qualifications? 40.38 (2) paragraph c — No

Yes ↓

Was this an installment sale? — No

Yes ↓

Is this only the principal paid to the seller in one or more years after the year in which the sales transaction occurred? — No

Yes ↓

Were the principal payments received in the current tax year? — No

Yes ↓

Is the capital gain from a C Corp? — Yes

No ↓

May qualify for a capital gain deduction, but not greater than the qualifying gain.

May not qualify for a capital gain deduction