Iowa Department of REVENUE

2016 IA 100A

Iowa Capital Gain Deduction – Cattle, Horses, or Breeding Livestock

https://tax.iowa.gov

Name(s)_____SSN_____

Part I: Sale of Cattle, Horses, or Breeding Livestock

1. Was the gain from the sale of livestock reported under IRC section 1231?
   No ☐ ..... Sale is not eligible for Iowa capital gain deduction. Stop.
   Yes ☐ .... Continue to line 2.

2. Report information on each livestock sale (see instructions)

Type of Livestock (for example Cattle, Horse, Swine)	Livestock Use (Breeding, Dairy, Draft, or Sporting)	Documented Sale Date	Meet Minimum Holding Period?	Purchaser Name if Lineal Descendent	Purchaser Relation if Lineal Descendent

3. Were all sales reported on line 2 to a lineal descendent?
   No ☐ ..... Continue to Part I, line 4.
   Yes ☐ .... Continue to Part II, line 1.

4. Enter taxpayer's gross income from farming and ranching operations (see instructions)..... 4. $_____

5. Enter taxpayer's gross income (see instructions)..... 5. $_____

6. Share of gross income from farming or ranching. Divide line 4 by line 5. Enter percentage to three decimal places (for example 75.8%) ..... 6. _____%

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7. Is line 6 greater than 50.0%?
   No ☐ ..... Stop. Sales to anyone other than a lineal descendent are not eligible for Iowa capital gain deduction. Remove sales to anyone other than a lineal descendent from Part I, line 2 and return to Part I, line 3.
   Yes ☐ .... Continue to Part II, line 1.

Part II: Details of Property Sold

1. Was the property sold owned by a C corporation?
   No ☐ ..... Continue to Part II, line 2.
   Yes ☐ .... Sale is not eligible for Iowa capital gain deduction. Stop.
2. List all other owner name(s) or the pass-through entity name (if applicable)_____

   _____

   _____
3. Enter taxpayer's ownership share of the total property sold to three decimal places (for example 65.2%) ..... 3. _____ %
4. Is the capital gain from an installment sale?
   No ☐ ... Continue to Part II, line 5.
   Yes ☐ . Enter the property installment sale information:
   a. Start date..... 4a._____
   b. End date..... 4b._____
   c. Total gain received by the taxpayer.... 4c._____
   d. Capital gain received by the taxpayer in tax year 2016..... 4d.$_____
5. Iowa capital gain deduction. Enter the amount of the taxpayer's capital gain deduction claimed for this property and include on IA 1040 line 23 ..... 5. $_____

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Instructions for 2016 IA 100A – Iowa Capital Gain Deduction for Sales of Cattle, Horses, or Breeding Livestock

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 for livestock sales. Multiple livestock sales can be reported on one IA 100A as long as the property details are the same across all sales. If property details reported in Part II differ across sales, complete a separate IA 100A. 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 100A for the Iowa capital gain deduction claimed based on the spouse's ownership share in the property.

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 701 IAC 40.38.

Part I: Sale of Cattle, Horses, or Breeding Livestock

Line 1. Check the box to indicate whether the taxpayer reported the capital gain under Internal Revenue Code (IRC) section 1231.

Line 2. Complete the table as instructed below. Enter each animal sold on a separate line; however, if multiple animals have identical information in each column of the table, the animals may be combined on one line by entering the number and type of livestock sold in the first column (for example, "3 Bulls," "10 Swine"). Include a separate statement if more lines are needed:

Type of livestock: Enter the type of livestock sold as "Cattle," "Horses," or specify the type of breeding livestock sold. Breeding livestock may include swine, donkeys, sheep, goats, fur-bearing mammals, and other mammals. Breeding livestock does not include poultry, chickens, turkeys, pigeons, geese, other birds, fish, frogs, or reptiles, and sales of these animals do not qualify for the Iowa capital gain deduction.

Livestock use: Enter whether the taxpayer used the livestock sold for "Breeding," "Dairy," "Draft," or "Sporting" purposes. Livestock other than cattle and horses must be used for breeding purposes to qualify for the Iowa capital gain deduction.

Documented sale date: Enter the sale date for the livestock sold, as indicated in supporting documentation and as reported on the taxpayer's federal return.

Meet minimum holding period?: Enter "Yes" or "No" to indicate whether the livestock sold meet the minimum holding period. Cattle and horses must be held for at least 24 months. Other breeding livestock must be held for at least 12 months. Cattle, horses, and other breeding livestock that do not meet the minimum holding period do not qualify for the Iowa capital gain deduction.

Name of purchaser, if lineal descendant: If the purchaser of the livestock is a lineal descendent of the taxpayer, enter the name of the purchaser. If the purchaser of the livestock is not a lineal descendent of the taxpayer, leave the field blank. Lineal descendent is defined as a child of the taxpayer including a biological child, a legally adopted child, a stepchild, grandchild, and great-grandchild.

Relation of purchaser, if lineal descendent: If the purchaser of the livestock is a lineal descendent of the taxpayer, enter the purchaser's relation to the taxpayer (for example, "Child," "Grandchild"). If the purchaser of the livestock is not a lineal descendent of the taxpayer, leave the field blank.

Line 4. Enter the taxpayer's gross income from farming or ranching operations in tax year 2016. If married filing jointly, income from both spouses must be included. Farming and ranching gross income is typically reported on federal Schedule F line 9 or 50, federal Form 4835 line 7, or as partnership income from farming. If farm income was reported on

another location on the federal return, enter that income before any expenses are deducted.

Line 5. Enter the taxpayer's gross income from IA 1040 line 15, with modifications to reflect income before the deduction of expenses. Common examples include: gross farm income on IA 100A Part I, line 4 rather than net farm income reported on IA 1040 line 11; and gross income on federal Schedule C line 7 rather than business income reported on IA 1040 line 5. If married filing jointly, income from both spouses must be included.

Line 6. Calculate the proportion of the taxpayer's gross income from farming or ranching operations by dividing Part I, line 4 by Part I, line 5. Round the number to three decimal places, and enter the number as a percent (for example: 100.0%; 65.2%)

Line 7. If married filing separately, each spouse claiming the capital gain deduction must separately meet and demonstrate the individual's gross income from farming or ranching operations exceeds 50.0% by completing a separate IA 100A.

Part II: Details of Property Sold

Line 1. Check the box to indicate whether the taxpayer's capital gain resulted from the sale of livestock by a C corporation. The sale of assets by a C corporation does not qualify for the Iowa capital gain deduction. Note: The gain from a corporate liquidation under IRC section 331 may qualify for the Iowa capital gain deduction. If the gain is realized under IRC section 331, check "No" and continue to Part II, line 2.

Line 2. Enter the names of all persons and entities that owned the livestock at the time of sale. Alternatively, if the capital gain flowed through to the taxpayer from a partnership, S corporation, limited liability company (LLC), estate, or trust, only that entity may be reported here instead of all other co-owners.

Line 3. Enter the taxpayer's ownership share of the property sold at the time of the sale as a percentage to three decimal places (for example: 100.0%; 50.0%; 33.3%). The taxpayer's ownership share must be greater than zero.

Line 4. 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 this tax year. Do not include any interest received.

Line 5. Enter the amount of the taxpayer's capital gain deduction claimed for the sale of cattle, horse, or breeding livestock reported on this IA 100A. The eligibility of the Iowa capital gain deduction reported is subject to further examination by the Department.

Questions?
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