Iowa Department of REVENUE

2016 IA 100B

Iowa Capital Gain Deduction – Real Property Used in a Farm Business

https://tax.iowa.gov

Name(s)_____ SSN_____

Part I: Sale of Real Property Used in a Farm Business

1. Farmland address or legal description (include county)_____
_____
_____
_____
2. Total number of acres sold_____
3. Ownership period
   a. Date acquired ..... 3a._____
   b. Date sold..... 3b._____
4. Length of holding period ..... Years 4a._____Months 4b._____
5. If the taxpayer did not own the property for at least ten years, explain how the taxpayer held the property for at least ten years under IRC section 1223.
_____
_____
_____
6. Is the taxpayer receiving Old-Age Social Security benefits?
   No ☐ ..... Continue to Part I, line 8.
   Yes ☐ ..... Continue to Part I, line 7.
7. Provide the date taxpayer started receiving Old-Age Social Security benefits ..7._____
8. Is the taxpayer a disabled farmer?
   No ☐ ..... Continue to Part I, line 10.
   Yes ☐ ..... Continue to Part I, line 9.
9. Provide the date the taxpayer's disability began.....9._____
10. Is the taxpayer the surviving spouse of a farmer?
    No ☐ ..... Continue to Part I, line 14.
    Yes ☐ ..... Continue to Part I, line 11
11. Provide the date of the spouse's death .....11._____
12. Was the spouse receiving Old-Age Social Security benefits at the time of death?
    No ☐ ..... Continue to Part I, line 14.
    Yes ☐ ..... Continue to Part I, line 13.
13. Provide the date the spouse started receiving Old-Age Social Security benefits.....13._____

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14. Report the following for the 10 years prior to the sale, or if the taxpayer was receiving Old-Age Social Security benefits, report the following for the 8 years prior to the first year the benefits were received. See instructions if answered yes to Part I, lines 6, 8, or 10.

Calendar Year	Name of land manager	Paid? Yes or No	Federal form or schedule where taxpayer reported income	Acres the taxpayer personally farmed	Cash rent acres	Crop share acres	CRP acres	Other acres

15. Describe in detail the daily, weekly, monthly, and annual duties of the taxpayer associated with the acres sold during the period covered in line 14. Include the years the taxpayer performed each duty. If the taxpayer was married during this period, include duties performed by either spouse_____

_____

_____

_____

_____

_____

_____

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) _____

_____

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3. Enter taxpayer's ownership share of the total property sold to three decimal places (for example 65.2%)..... 3. _____%

4. How did the taxpayer acquire the property? (check all that apply)

   Inheritance ☐ Like-kind (IRC 1031) Exchange ☐
   Purchase ☐ Involuntary Conversion ☐
   Gift ☐ Other ☐ (Explain:_____)

5. Purchaser's name(s)_____

   _____

   _____

   _____

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 gain received by the taxpayer..... 6c._____
   d. Capital gain received by the taxpayer in tax year 2016 ..... 6d. $_____

7. Iowa capital gain deduction. If the taxpayer meets the holding period qualifications and material participation qualifications, enter the taxpayer's amount of capital gain deduction here and include on IA 1040 line 23..... 7. $_____

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Instructions for 2016 IA 100B – Iowa Capital Gain Deduction for Sales of Real Property Used in a Farm Business

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 sales of real property used in a farm business. Complete a separate IA 100B for each sale of farmland. 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 100B 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 Real Property Used in a Farm Business

Line 1. Enter the address of the farmland, or enter the legal description of the farmland if no address is available.

Line 2. Enter the total number of acres of farmland sold.

Line 3. Enter the acquisition date and sale date for the farmland, as indicated in supporting documentation.

Line 4. Enter the length of the holding period in years and months.

Line 5. If the ownership period indicated in Part I, line 3 is less than ten years, explain why the ownership period differs from the holding period entered in Part I, line 4. The farmland must be held, as defined using IRC section 1223, for at least ten years to qualify for the Iowa capital gain deduction. For example, the farmland sold may have been acquired in a like-kind exchange or an involuntary conversion, and the holding period of the farmland sold plus the previously-held property may be at least ten years.

Line 14. Complete the table for each of the ten years prior to the sale. However, the taxpayer may instead elect to complete the table for each of the eight years prior to the date entered in Part I, line 7, 9, 11, or 13.

Example 1: The taxpayer sold farmland on an installment basis on February 1, 2016. The taxpayer must complete the table for years 2006 to 2015, unless the taxpayer checked "Yes" on Part I, line 6, 8, or 10.

Example 2: The taxpayer checked Yes on Part I, line 6 and began receiving Old-Age (retirement) benefits under Social Security on February 8, 2012. The taxpayer may elect to complete the table for years 2004 to 2011 even if the taxpayer sold the farmland in 2016.

Calendar year: Enter one calendar year on each line.

Name of land manager: Enter the name(s) of the person(s) who managed the land in the year. Enter "Self" if the taxpayer managed the land.

Paid? Enter "Yes" or "No" to indicate whether the reported land manager received any compensation for managing the land in the year. If there were multiple land managers only enter "Yes" if any person other than the taxpayer was compensated.

Federal form or schedule where taxpayer reported income: Enter the federal form or schedule number or letter on which the taxpayer reported income from the land in the respective calendar year. Income from farmland is typically reported on federal Schedule E, Schedule F, or Form 4835.

Acres the taxpayer personally farmed: Enter the number of acres of the farmland sold that the taxpayer personally farmed in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the farmland sold that were personally farmed by either spouse.

Cash rent acres: Enter the number of acres of the farmland sold that the taxpayer leased for cash rent in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the farmland sold that were leased for cash rent by either spouse.

Crop share acres: Enter the number of acres of the farmland sold that the taxpayer had under a crop share lease arrangement in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the farmland sold that were under a crop share lease agreement by either spouse.

CRP acres: Enter the number of acres of the farmland sold that the taxpayer had enrolled in the Conservation Reserve Program (CRP) in the respective calendar year. If the taxpayer was married during the calendar year, include the acres of the farmland enrolled in CRP by either spouse.

Other acres: Enter the number of acres of the farmland sold that the taxpayer used for other purposes in the respective calendar year, such as non-tillable acres. If the taxpayer was married during the calendar year, include the acres of the farmland sold that were used for other purposes by either spouse.

Note: The sum of the acres the taxpayer personally farmed, the cash rent acres, the crop share acres, the CRP acres, and the other acres must equal the total number of acres sold as entered in Part I, line 2.

Line 15. Enter the taxpayer's daily, weekly, monthly, and yearly farming activities on the farmland sold during the period identified in Part I, line 14. Describe the activities in detail, and include the year(s) the taxpayer performed the activities. Do not include activities performed by any person other than the taxpayer, such as tenants and farm hands. The taxpayer's activities must be supported by records. Records prepared long after the activity generally are not acceptable.

Part II: Details of Property Sold

Line 1. Check the box to indicate whether the taxpayer's capital gain resulted from the sale of property 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 Internal Revenue Code (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 property at the time of sale. If the capital gain flowed through to the taxpayer from a partnership, S corporation, limited liability company (LLC), estate, or trust, all owners of the entity must be reported.

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 all boxes that indicate how the taxpayer acquired the property. If "Other", explain how the taxpayer acquired the property.

Line 5. Enter the names of all persons and entities that purchased the property.

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 2016. Do not include any interest received.

Line 7. Enter the amount of the taxpayer's capital gain deduction claimed. The eligibility of the Iowa capital gain deduction reported here is subject to further examination by the Department.

Questions?
Department website: https://tax.iowa.gov
515-281-3114 or 800-367-3388
Email: idr@iowa.gov