

# IDAHO CAPITAL GAINS DEDUCTION

(See instructions for qualifying Idaho property)

# 2015

Name(s) as shown on return	Social Security number
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1. List qualifying capital gains and losses not included on lines 2 through 5 below.

a. Description of property and Idaho location	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Sales price	e. Cost or other basis	f. Gain or (loss)

2. Qualifying capital gain from sale of personal residence from federal Schedule D. Idaho address of personal residence sold _____	2	
3. Qualifying capital gain or (loss) from installment sales. Include federal Form 6252. Idaho location of property sold on installment _____	3	
4. Qualifying capital gain or (loss) from sales of business property. Include federal Form 4797. Idaho location of business property _____	4	

5. Qualifying capital gain or (loss) from partnerships, S corporations, estates, or trusts.

a. Description of property and Idaho location	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Pass-through entity (PTE) EIN	e. Distributive share of gain or (loss)

6. Add amounts in column f of line 1 and lines 2 through 4, and amounts in column e of line 5 .....	6	
7. Qualifying capital loss carryover. See instructions .....	7	
8. Net gain or (loss). Subtract line 7 from line 6 .....	8	
9. If line 8 is a gain, multiply line 8 by 60% .....	9	
10. Capital gain net income included in federal adjusted gross income. See instructions .....	10	
11. Enter the smaller of line 9 or 10 here and on Form 39R, Part B, line 10, or Form 39NR, Part B, line 6 ...	11	

Include additional schedules as needed to report all qualifying capital gains and losses.

# Instructions for Idaho Form CG

## General Information

Form CG is used to compute an individual's Idaho capital gains deduction. The deduction is 60% of the capital gain net income included in federal taxable income from the sale of Idaho property. Only capital gains from the following Idaho property qualify:

- (a) Real property\* held for at least 12 months, or
- (b) Tangible personal property used in a revenue-producing enterprise and held for at least 12 months.  
A revenue-producing enterprise means:
  - 1) Producing, assembling, fabricating, manufacturing, or processing any agricultural, mineral, or manufactured product;
  - 2) Storing, warehousing, distributing, or selling at wholesale any products of agriculture, mining, or manufacturing;
  - 3) Feeding livestock at a feedlot;
  - 4) Operating laboratories or other facilities for scientific, agricultural, animal husbandry, or industrial research, development, or testing.
- (c) Cattle and horses held for at least 24 months, and other livestock used for breeding held for at least 12 months,
  - For Individuals – if more than one-half of the taxpayer's gross income is from farming or ranching in Idaho, or
  - For Members of a Pass-through Entity – if more than one-half of the entity's gross income is from farming or ranching in Idaho, the deduction is available on the individual owners' distributive share.
- (d) Timber held for at least 24 months.

\*The term "real property" means land and includes the following:

- 1) a "qualified conservation easement," as defined in section 2031(c)(8)(B) of the Internal Revenue Code, conveyed to a "Qualified Organization" as defined in section 170(h) of the Internal Revenue Code;
- 2) grazing permits or leases issued by the U.S. Forest Service, the Bureau of Land Management, or the Idaho Department of Lands, if such permit is transferred simultaneously with the transfer of the "base property"; and
- 3) any other property, defined in section 1250(c) of the Internal Revenue Code that is conveyed in perpetuity, the transfer of which would be required to be in writing by section 9-503, Idaho Code.

**NOTE: Gains from the sale of stocks and other intangibles don't qualify.**

Refer to the Internal Revenue Code for definitions of capital assets, short-term and long-term capital gains and losses, computations of basis, and gain from disposition of depreciable property.

"Capital gain net income" means the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges.

A capital loss carryover from qualifying property reduces the current year gains from eligible property. Losses from property not eligible for this deduction don't reduce gains from eligible property. The Idaho capital gains deduction can't exceed the capital gain net income reported on the federal return. Gains treated as ordinary income don't qualify for the deduction.

### **Distributive Share of Gain or Loss From S Corporations, Partnerships, Trusts, and Estates**

Capital gain from qualifying property, described above, held by S corporations, partnerships, trusts, and estates, is eligible for the Idaho capital gains deduction.

The amount of gain or loss must be computed by the S corporation, partnership, trust, or estate and provided to the pass-through owner on Form ID K-1, Part B, line 9. The deduction is claimed on the return of the individual shareholder, partner, or beneficiary. The partnership, S corporation, trust, or estate must provide supplemental information to the partners, shareholders, or beneficiaries with Form ID K-1 identifying the type of property sold, the date of sale, and the holding period of the property by the partnership, S corporation, trust, or estate.

An owner receiving a distribution from a pass-through entity can include the holding period of the entity when determining the holding period requirement for capital gains purposes.

## Specific Instructions

**Line 1.** List qualifying capital gains and losses. Don't include gains and losses reported on lines 2 through 5.

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|----------|---|
| Column a | Describe the type of property. Identify the Idaho location at the date of sale.                                 |
| Column b | Identify the month, day, and year the property was acquired.  |
| Column c | Identify the month, day, and year the property was sold.  |
| Column d | Enter the sales price.  |
| Column e | Enter the cost or other basis. Basis is computed under the appropriate provisions of the Internal Revenue Code. |
| Column f | Compute your gain or loss by subtracting your basis (column e) from the sales price (column d).                 |

**Line 2.** Enter the taxable gain from the sale of your Idaho home, from federal Schedule D. If you are reporting a gain that qualifies from previous installment sales, see line 3.

**Line 3.** If you used federal Form 6252 to report the installment method for the gain on the sale of eligible property on your federal return, compute your capital gains deduction using the current year's taxable portion of the installment payment. Include federal Form 6252. Capital gain from an installment sale isn't eligible for the Idaho capital gains deduction if the property wasn't held for the minimum holding period by the date sold.

**Line 4.** Enter the eligible capital gain net income from federal Form 4797. Don't include ordinary gains reported on federal Form 4797, Part II.

**Line 5.** Enter your distributive share of qualifying capital gain or loss from partnerships, S corporations, trusts, and estates. If filing Form 40, enter the amount shown from Form ID K-1, Part B, line 9. If filing Form 43, enter the amount of qualified gains or losses included on Form 43, line 27; this is usually the amount from Form ID K-1, Part B, line 9 multiplied by percentage shown on Form ID K-1, Part A, line 2.

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|----------|---|
| Column a | Describe the type of property. Identify the Idaho location at the date of sale. |
| Column b | Identify the month, day, and year the property was acquired.                    |
| Column c | Identify the month, day, and year the property was sold.                        |
| Column d | Enter the EIN of the pass-through entity.                                       |
| Column e | Enter your distributive share of gain or loss.                                  |

**Line 6.** Enter the total of gains and losses in column f for lines 1 through 4, and column e, line 5.

**Line 7.** Enter the total qualifying capital loss carryover from the prior year's return.

**Line 9.** If line 8 is a gain, enter 60% of line 8. If line 8 is a loss, you can't claim this deduction.

**Line 10.** Enter your capital gain net income included in federal adjusted gross income. This is the capital gain from federal Form 1040, line 13. If you have a capital loss, enter 0.

**Line 11.** Compare lines 9 and 10. Enter the smaller amount here and on Form 39R, Part B, line 10, or Form 39NR, Part B, line 6. This is your Idaho capital gains deduction.