IDAHO State Tax Commission

# Form CG
# Capital Gains Deduction

**2021**

| Names as shown on return | Social Security number |
|---|---|
| | |

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 (mm/dd/yyyy) | **c.** Date sold (mm/dd/yyyy) | **d.** Sales price | **e.** Cost or other basis | **f.** Gain or (loss) |
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| 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 (mm/dd/yyyy) | **c.** Date sold (mm/dd/yyyy) | **d.** Pass-through entity (PTE) EIN | **e.** Distributive share of gain or (loss) |
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| 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 | |

(See instructions for qualifying Idaho property.)
Include additional schedules as needed to report all qualifying capital gains and losses.

# Form CG — Instructions Capital Gains Deduction



## General Information

Use Form CG 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. "Capital gain net income" is the amount left over when you reduce your gains by your losses from selling or exchanging capital assets.

Only capital gains from the following Idaho property qualify:

(a) Real property***** held for at least 12 months

(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

(d) Timber held for at least 24 months

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

1) Qualified conservation easements transferred to a qualified organization as described in sections 2031(c)(8)(B) and 170(h) of the Internal Revenue Code
2) Grazing permits or grazing leases issued by the U.S. Forest Service, the Bureau of Land Management, or the Idaho Department of Lands, but only if the grazing permit or grazing lease was transferred at the same time as the "base property"
3) Depreciable real property as described in section 1250(c) of the Internal Revenue Code, but only if that property was transferred in perpetuity and the transfer was required to be in writing according to Idaho Code section 9-503.

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

Refer to Idaho Code section 63-3022H(3)(f) for information on the sale of a real estate partnership interest.

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.

If you have any capital gain in the current year and any capital loss carryover from a prior year, you must reduce your capital gain by the carryover loss. Only losses from qualifying property can be used to reduce your capital gain. 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 (Pass-through Entity)

**Who is eligible for a capital gains deduction?**
Pass-through entities with a capital gain from qualifying property are eligible for the Idaho capital gains deduction. Pass-through entities that pay the tax for an individual can't claim a capital gains deduction.

**How do pass-through entities report the gain or loss to a pass-through owner?**

1. Calculate the amount of the gain or loss for the owner.
2. Enter this amount on Form ID K-1, Part VI, line 41.
3. Fill in all other information, such as the type of property sold, the date of the sale, and the holding period of the property.
4. Send the Form ID K-1 to the owner.

**What does a pass-through owner do with the Form ID K-1?**
The owner claims the deduction on their Idaho individual income tax return. Please refer to the individual tax return instructions for more information.

Note: The pass-through owner 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 | To compute your gain or loss, subtract column e from column d. |

**Line 2.** Enter the taxable gain from the sale of your Idaho home from federal Schedule D. If you're 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 pass-through entities. If filing Form 40, enter the amount shown from Form ID K-1, Part VI, line 41. 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 VI, line 41 multiplied by the percentage shown on Form ID K-1, Part III, line 6.

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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 Employer Identification Number (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 7. 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.

**Contact us**:
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