

House Study Bill 654

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the determination of the holding period for
2 purposes of certain capital gains under the individual income
3 tax and including effective and retroactive applicability date
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6 TLSB 6061HC 81

7 mg/sh/8

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1 1 Section 1. Section 422.7, subsection 21, Code Supplement
1 2 2005, is amended by adding the following new unnumbered
1 3 paragraph:
1 4 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
1 5 the term "held" shall be determined with reference to the
1 6 holding period provisions of section 1223 of the Internal
1 7 Revenue Code and the federal regulations adopted pursuant
1 8 thereto.

1 9 Sec. 2. RETROACTIVE APPLICABILITY DATE PROVISIONS. This
1 10 Act, being deemed of immediate importance, takes effect upon
1 11 enactment and retroactively applies to all of the following:

1 12 1. Sales made on or after January 1, 2006.

1 13 2. Determining the holding period for sales made on or
1 14 after January 1, 2006.

1 15 3. Tax years ending on or after January 1, 2006.

1 16 EXPLANATION

1 17 This bill requires that the computation of the holding
1 18 period for purposes of the capital gains deduction under Code
1 19 section 422.7, subsection 21, be determined in the same manner
1 20 as the holding period of assets is determined for federal tax
1 21 purposes under Internal Revenue Code section 1223. These
1 22 provisions will, in some cases, add the holding period of
1 23 other property or the holding period of another owner to the
1 24 holding period of the taxpayer in determining whether the
1 25 required 10-year holding period has been satisfied, such as
1 26 property received in a like-kind exchange, property received
1 27 by gift, or property purchased from the proceeds of an
1 28 involuntary conversion.

1 29 The bill takes effect upon enactment and applies
1 30 retroactively to January 1, 2006, and applies to sales made on
1 31 or after January 1, 2006, during tax years ending on or after
1 32 that date.

1 33 LSB 6061HC 81

1 34 mg:rj/sh/8