

SENATE FILE **2093**
BY MCKIBBEN

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

A BILL FOR

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

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

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WAYS & MEANS

SF 2093

1 Section 1. Section 422.7, subsection 21, Code Supplement
2 2005, is amended by adding the following new unnumbered
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
5 the term "held" shall be determined with reference to the
6 holding period provisions of section 1223 of the Internal
7 Revenue Code and the federal regulations adopted pursuant
8 thereto.

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

- 12 1. Sales made on or after January 1, 2006.
- 13 2. Determining the holding period for sales made on or
14 after January 1, 2006.
- 15 3. Tax years ending on or after January 1, 2006.

16 EXPLANATION

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

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

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