

House File 45 - Introduced

HOUSE FILE 45

BY LOHSE

A BILL FOR

1 An Act excluding from the computation of net income for state
2 individual income tax purposes a portion of the net capital
3 gain from sales or exchanges of assets, and including
4 effective date and retroactive applicability provisions.

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

1 Section 1. Section 422.7, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 21A. *a.* Subtract, to the extent included,
4 fifty percent of the net capital gain from the sale or exchange
5 of an asset if the asset was held for more than two years.

6 *b.* As used in this subsection:

7 (1) "*Held*" shall be determined with reference to the holding
8 period provisions of section 1223 of the Internal Revenue Code
9 and the federal regulations adopted pursuant thereto.

10 (2) "*Net capital gain*" means the same as defined in section
11 1222 of the Internal Revenue Code.

12 *c.* An asset that is the subject of the net capital gain
13 deduction under this subsection is not eligible for a net
14 capital gain deduction under subsection 21.

15 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
16 importance, takes effect upon enactment.

17 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
18 retroactively to January 1, 2021, for tax years beginning on
19 or after that date.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill excludes 50 percent of the net capital gain from
24 the computation of net income for state individual income tax
25 purposes if the asset was held for more than two years.

26 The term "net capital gain" is defined to mean the same as
27 defined in section 1222 of the Internal Revenue Code, and the
28 term "held" shall be determined with reference to the holding
29 period provisions of section 1223 of the Internal Revenue Code.

30 The bill takes effect upon enactment and applies
31 retroactively to tax years beginning on or after January 1,
32 2021.