

Instructions for Idaho Form CG General Information

Form CG is used by individuals to compute the capital gains deduction. The deduction is 60% of the net capital gain from the sale of Idaho property. Only capital gains from the following Idaho property qualify.

1. Real property located in Idaho and held for a minimum of 5 years.
2. Tangible personal property used by a revenue-producing enterprise. The minimum holding period is 12 months.

A revenue-producing enterprise is a business or organization engaged in: (1) the production, assembly, fabrication, manufacture or processing of any agricultural, mineral or manufactured product, (2) the storage, warehousing, distribution, or sale at wholesale of any products of agriculture, mining, or manufacturing, (3) the feeding of livestock at a feed lot, or (4) the operation of laboratories or other facilities for scientific, agricultural, animal husbandry, or industrial research, development, or testing. Tangible personal property used by a business in retail sales, professional, managerial, or repair service does not qualify for the Idaho capital gain deduction.

3. Cattle or horses held for breeding, draft, dairy, or sporting purposes in Idaho for 24 months or more. To qualify for the deduction, you must have received at least one-half of your gross income from Idaho farming or ranching operations.
4. Breeding livestock, other than cattle or horses, held in Idaho for 12 months or more. To qualify for the deduction, you must have received at least one-half of your gross income from Idaho farming or ranching operations.
5. Timber grown in Idaho and held for 24 months or more.

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.

"Net capital gain" means the excess of net long-term capital gain over the net short-term capital loss for the year. When computing the net capital gain to which the 60% deduction applies, only gains and losses from qualifying property may be used.

Losses from property not eligible for this deduction do not reduce gains from eligible property. The Idaho capital gain deduction cannot exceed the net gain reported on the return.

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 gain deduction. To claim the deduction, the individual shareholder or partner must have held the S corporation or partnership interest for the holding period specified for that type of property.

The amount of gain or loss must be computed by the S corporation, partnership, trust or estate. 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 identifying the flow-through of qualifying capital gain property. The holding period of the partner, shareholder or beneficiary interest and the holding period of the qualifying property must be listed.

Specific Instructions

Line 1. List qualifying capital gains and losses:

- 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 line 21, federal Form 2119. If you are reporting a gain which 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 gain deduction using the current year's taxable portion of the installment payment.

Attach federal Form 6252. Capital gain from an installment sale is not eligible for the Idaho capital gain deduction if the property was not held for the minimum holding period by the date sold.

Line 4. Enter the eligible net capital gain from federal Form 4797. Do not include ordinary gains reported on Part II of federal Form 4797.

Line 5. Enter qualifying capital gain or loss from partnerships, S corporations, trusts and estates. Attach a copy of the Schedule K-1 from the partnership, S corporation, trust or estate. Identify the type of property sold, the date of sale, the holding period of the property by the partnership, S corporation, trust or estate, and the holding period of the partnership or S corporation interest.

Line 6. Combine all gains and losses in column f. Enter the net long-term gain or loss.

Line 7. If line 6 is a gain, enter 60% of line 6. If line 6 is a loss, you cannot claim this deduction.

Line 8. Enter your net capital gain included in adjusted gross income. If you file Form 40, this is the net capital gain from federal Form 1040, line 13. If you file Form 43, this is the net capital gain from Form 43, column B, line 15.

Line 9. Compare lines 7 and 8. Enter the smaller amount here and on line 24, Form 40 or line 41, Form 43. This is your Idaho capital gain deduction.