Who’s watching out for your interests? Do you have the proper representation for your land-related transaction? Many legal issues can emerge during a real estate transaction. Make sure your team is knowledgeable, experienced and has your best interests at heart.

Iowa Land Sales collaborates with sellers and buyers of land to provide sound legal strategies in the purchase or sale of land. Buying or selling land is one of the most important transactions one makes in their lifetime, so we strive to make sure any potential legal issues are identified and addressed.

In today’s world of ever-increasing rules, regulations and law changes, it is prudent for one to understand all aspects of real estate law as it pertains to their particular land transaction. To your right you’ll find topics regarding some issues we’ve resolved in the past. Select one to read more.

**Capital Gains**
In the United States, individuals and corporations pay income tax on the net total of all their capital gains just as they do on other sorts of income. Capital gains are generally taxed at a preferential rate in comparison to ordinary income (26 U.S.C. §1(h)). This is intended to provide incentives for investors to make capital investments, to fund entrepreneurial activity and to compensate for the effect of inflation and the corporate income tax. The amount an investor is taxed depends on his or her tax bracket, as well as the amount of time the investment was held before being sold.

When the taxable gain or loss resulting from the sale of an asset is calculated, its cost basis is used rather than its actual purchase price. The cost basis is an adjustment of the purchase price that takes into account factors such as fees paid (brokerage fees, certain legal fees, sales fees), taxes paid (including sales tax, excise taxes, real estate taxes, etc.), improvements funded and depreciation.

Numerous issues are associated with short-term or long-term capital gains taxation in the United States. Iowa Land Sales can help.

**New Basis Issues**

Income tax basis in real estate is critically important. Basis is the tax investment in property (i.e., purchase price, plus improvements, minus depreciation).

Property transferred at death through an estate receives a “step-up” in basis to the fair market value of the property at the decedent’s death. Many landowners will retain appreciated real estate until death to take advantage of this loophole, rather than face potential capital gains taxes. We are assured of this “step-
“up” in basis for deaths in 2012. It seems that the basis laws may change in 2013.

Our current tax laws sunset on Dec. 31, 2012. Experts are predicting dramatically higher capital gains tax rates for 2013 and beyond. Iowa Land Sales keeps a close eye on new basis issues and their impact on landowners.

**Increase in Farmland Values**

The unprecedented increase in farmland values is having a significant impact on farm families. The added wealth can lead to significant estate planning issues. The higher values can lead to pressures to either sell or not sell. Higher prices can mean higher capital gains taxes. Let us help you work through these issues.

**Corporate Farming in Iowa**

The state of Iowa has statutory provisions that restrict the power of certain corporate entities to engage in farming or agriculture, or to acquire, purchase or otherwise obtain land that is used or usable for agricultural production. The primary goal of such laws is to protect the economic viability of family farms, and to protect the environment.

Before purchasing agricultural land in Iowa, make sure you have the facts. It is possible for a corporate entity to own Iowa farm land, but you will need professional expertise in determining whether your case qualifies.

**Family Conflict Resolution**
You’ve worked hard to accumulate your family’s legacy. Now what?

The dramatic rise in farmland values is increasing family tensions between on-farm heirs and off-farm heirs. This problem is most severe when an on-farm heir wants to continue farming after death or retirement of parents. There are three groups of Farm Families:

- Those who are planning for termination of the farming operation after the death or retirement
- Those planning for continuation of the farming operation after death or retirement
- Those who are avoiding this issue

Regardless of which category you fall under, here are some questions to consider:

- How do I treat on-farm and off-farm heirs fairly, although perhaps not equally?
- How do I ensure that my farm successor will succeed?
- How do I balance my needs for retirement with my desire to leave a legacy to the next generation?
- What if I want to remain involved with the farming operation? How do I balance that with my successor?

Family conflict resolution services can help you preserve your financial security while maintaining family harmony. Let us help you answer these questions and offer possible solutions: buy-sell agreements, first options to purchase, life insurance trusts, etc.
**Revocable Living Trust**

A revocable living trust is an alternative way to own property during your life and to transfer property at your death. It is created when a legal document is signed that directs how assets transferred to the trust will be managed, when and to whom the income from the trust assets will be paid, and how the trust assets will be distributed when you die.

Do you need a living trust? Why are living trusts so popular? Does a living trust save taxes? You have taken a lifetime to accumulate your wealth. You should take great care to make certain that your estate plan carries out your wishes without problems. A living trust may or may not be right for you. Competent professional help is essential to determine what documents are needed to ensure the proper plan for you and your estate goals.

To speak with Iowa Land Sales regarding these topics or other issues related to your next land transaction, contact us today.

The above information is not intended to be legal advice, but merely educational. At Iowa Land Sales we work hard to uncover potential issues before they become a problem that can derail your transaction.