

Tax Credit Program Frequently Asked Questions (FAQs)

Here are a few FAQs to aid your organization in selling your tax credit allocation to for-profit businesses that have tax liability under Business Profits Tax (BPT), Business Enterprise Tax (BET) or Insurance Premium Tax (IPT) in New Hampshire. CDFA offers corporations the opportunity to redirect their tax dollars toward worthwhile projects in communities where they do business. Corporate contributors (also referred to as “donors”) who take advantage of tax credit benefits are encouraged to consult with their own tax advisor to determine how the tax rules will apply in their own particular case.

1. **Application of Tax Credits** – Credits can be applied against New Hampshire Business Profits Tax (“BPT”), Business Enterprise Tax (BET), and Insurance Premium Tax (IPT) under NH RSA 400-A, individually or in combination, in an amount equal to 75% of the contribution made.
2. **Eligibility for Federal Charitable Deduction** – Once a contribution is received, CDFA will send a letter to provide documentation that the taxpayer is eligible for a federal charitable contribution deduction for the full amount of the contribution.
3. **Tax Credit Availability** – Since tax credits are issued on a “first come, first serve” basis, the earlier a contribution is received, the sooner a credit is issued. In the event the annual CDFA \$5 million limit is reached before the state fiscal year end, some contributors’ credits may roll over to the next state fiscal year beginning on July 1st.

Credit is to be taken for the State Fiscal Year (July 1st to June 30th) in which CDFA actually receives the contribution. Donors are then able to claim the credit on the tax return for their year end which immediately follows the contribution. *Credits can also be claimed on quarterly estimated returns. The following example shows various scenarios of a calendar year-end donor tax credit treatment:

<u>Date of Contribution</u>	<u>CDFA SFY Allocation to Project</u>	<u>Business files on a Calendar Basis</u>
09/30/09	SFY10 ending 06/30/10	Credit is claimed on 2009 Return
12/31/09	SFY10 ending 06/30/10	Credit is claimed on 2009 Return
03/31/10	SFY10 ending 06/30/10	Credit is claimed on 2010 Return
06/30/10	SFY10 ending 06/30/10	Credit is claimed on 2010 Return

4. **Donation of Securities** - CDFA also accepts donations of stock and securities. The value is based on net proceeds once sold by CDFA. If net proceeds fall short of the original pledged amount, CDFA will invoice the donor for the difference in cash. Contributors will be contacted if net proceeds exceed the pledged amount.
5. **Five (5) Year Carryforward of Tax Credits** – If credits exceed a contributor’s tax liability in the year of contribution, any excess amount may be carried forward for five (5) succeeding years until fully claimed. Carryback to prior years is unavailable under CDFA’s enabling statute (RSA 162-L).
6. **Tax Credit Limitations** – Credits are limited to \$1 million per contributor in any given state fiscal year ending June 30th.