

CITC Program: Frequently Asked Questions

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Questions for Nonprofits

What is the Community Partnership Fund?

The Community Partnership Fund was established by the Commonwealth to accept donations for the CITC program. The United Way of Massachusetts Bay (UWMB) provides fundraising, operating and administrative support for the fund.

Can the Department of Housing and Community Development (DHCD) determine the tax credit to be less than 50% of the donation?

No.

How can community development corporations (CDCs) benefit from the Community Partnership Fund?

CDCs may elect to transfer up to 50% of their allocated tax credits to the Community Partnership Fund and the UWMB. Transfers of additional tax credits may only occur with written approval from UWMB and the Department of Housing and Community Development (DHCD).

Can a CDC request additional / subsequent tax credits for future years?

Yes, organizations will be able to request tax credits for future years. However, they must have allocated 95% of the current year's tax credits in order to receive the additional credits for future years. For example, an organization will only receive tax credits for 2015 if they have secured donors for 95% of their tax credits for 2014.

If a CDC received a cash donation prior to the allocation of tax credits in 2014, would it qualify for the CITC program?

Donations made before your allocation of tax credits on March 4, 2014 do not qualify; however, if someone had pledged to make a donation to you once you were awarded tax credits, that donation would qualify.

How can a CDC provide donors with a guarantee if there is the potential for the donation to be turned down for the tax credit?

Again, the only reason the donor would be denied is if your organization lost track of how many credits you have used and promise more credits than you have been allocated.

If a donor has a tax year that spans 2013-2014, is their contribution eligible for the credit?

The answer is no. Donations made in a donor's taxable year that begins in 2013 are not eligible for a credit even if the donation is made in 2014. The statute and the regulation are clear on this point. The statute says – "The credit allowable under this section shall be allowed for the taxable year in which a qualified investment is made." It further states that the effective date of the new section of the General Laws providing for the credit "shall take effect on January 1, 2014." The regulation states – "Applicable Tax Years. The community investment tax credit available under M.G.L. c. 62, sec. 6M . . . **is applicable to tax years beginning**, and for qualified investments made, **on or after January 1, 2014.** . . ." (emphasis added).

Questions for Donors

Can donors make the donation conditional upon approval from the DHCD?

No. You need to receive the money before you send the request to DHCD. However, there is no reason why DHCD would not approve the credit unless you have already used up your allocation.

Can donors make a stock donation and still receive the tax credit?

No. Per the legislation that created the CITC program, only cash donations are eligible for the CITC program.

Are donor advised funds considered qualified investments for the CITC program?

Donor advised funds (DAF) do qualify. The CITC refund would go back to the foundation managing the DAF, not the individual/family who set up the account. The foundation managing the DAF can put the money back into the DAF, but cannot give it back to the individual/family who set up the account.

You can refer to the DAF example in the regulations. What a DAF donation does not qualify for is the Federal Charitable Tax Donation because they have already been used when the DAF was originally set up.

Can an out-of-state foundation receive tax credits for a donation made to a MA nonprofit?

As a prerequisite to claiming the credit, the foundation will need to receive an interim certificate from the Department of Housing and Community Development and a final credit certificate from the Department of Revenue. The latter certificate will contain the certificate number the foundation will need in order to claim the credit on its tax return. Depending on what type of foundation it is, it will need to file either a *Form M-990, Unrelated Business Income Tax Return*, or a *Form M-990T-62, Exempt Trust and Unincorporated Association Income Tax Return*, in order to claim the credit. These forms are available on DOR's website at www.mass.gov/dor.

Can a donor carry credits forward to future years, or must the tax credits be claimed in the tax year they are given?

You can roll over the credit for up to five years, but why would you? Take the cash from the Commonwealth!

Can a donor transfer tax credits to another company/ organization/ individual?

No.

Can a donor make multiple \$1,000 donations in one year and get more than one CITC Certification from DOR?

Yes, a donor can make multiple \$1,000+ donations.

If a couple files their taxes jointly, do they both need to sign the CITC forms?

No, only one of them needs to sign the forms.

Can churches participate in the CITC program?

If the church is a IRC sec. 501(c)(3) corporation, then they are subject to chapter 63 and eligible to claim the credit.

Do donations through Paypal or via Credit Card count as cash?

Yes.

Does the Commonwealth require documentation on the pass-through or its claimants?

DHCD does not require copies of documentation on the pass-through and its claimants, nor is the CDC required to retain copies. Part I of the Form CITC is for the donor to complete so hopefully they have the information to complete, and verify if necessary (ex. Audit purposes), the information requested. Ultimately, the form should have the name of the entity, each claimant and their percentage (totaling 100%) of the claim. The language included on the form is from the Department of Revenue.