



## **TAX CREDIT PROGRAM FREQUENTLY ASKED QUESTIONS**

### **What is the purpose of the Tax Credit Program?**

The Legislature's goal in establishing the tax credit was to stimulate private investment in community projects. All tax credit projects must be clearly in the public interest, its benefits be publicly available, and its results contribute to the economic development of the state. Given these requirements, business that donate funds are effectively redirecting their tax bills to a community development project that is by law in the public interest.

Over the years CDFA has demonstrated a great return on investment. The New Hampshire Center for Public Policy Studies performed an economic impact modeling study in 2016 to determine the level of economic activity that is generated by each \$5 million investment of these credits. Their result was that the output generated is slightly more than \$11 million.

### **Which taxes can the CDFA Investment Tax Credit be applied toward?**

Tax Credits can be applied against the New Hampshire Business Profits Tax (BPT), Business Enterprise Tax (BET), and Insurance Premium Tax (IPT).

### **Must a business use all of its tax credits in one year?**

A business may carry forward the credits – in full or in part – for up to five years until fully claimed. This is beneficial if the business's profits and tax burden for that year are less than the credit received. Carryback to prior years is not allowed.

### **Are there limits on the amount of tax credits a business can claim in a single year?**

A donor is limited to claiming no more than \$1 million in CDFA tax credits in one fiscal year.

### **Are CDFA tax credits eligible for a federal charitable deduction?**

Once a contribution is received, CDFA will send the business a federal charitable contribution letter. However the donor is responsible for determining if they are eligible for this federal deduction.

### **Can CDFA accept securities in lieu of a cash donation?**

Yes, CDFA accepts donations of stock and securities. The value is based on net proceeds at the time these are 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 from their sale exceed the pledged amount.

### **If a business is headquartered out-of-state can it still use CDFA tax credits?**

Yes, any business with employees in New Hampshire pays the Business Enterprise Tax against their payroll.