DETERMINING QUALIFIED INVESTMENT AMOUNT

Qualified Investments are cash contributions made to a specific Community Partner (CP) or Community Partnership Fund (CPF) to support the implementation of a Community Partner’s Community Investment Plan. Qualified investments are eligible to receive a credit equal to 50% of the total qualified investment made by a taxpayer for the taxable year. In determining eligible qualified investment and resulting tax credit allocation amounts, CP and CPF administrators must consider the following:

1. Whether there was an exchange of goods and/or services provided by the organization in exchange for the contribution;
2. The good faith estimate of the fair market value of goods and/or services received in exchange; and
3. Whether the good faith estimated fair market value is insubstantial.

Unless the value is determined to be insubstantial, as described below, the good faith estimate of the fair market value of the goods and/or services received in exchange shall be deducted from the contribution amount to determine the actual qualified investment and resulting tax credit allocation to the donor under the Community Investment Tax Credit (CITC) program.

Insubstantial exceptions include goods and/or services that have a good faith estimated fair market value of $111.00 or less.*

Disclosure of the goods and/or services received in exchange for the cash contribution and the calculated qualified investment amount will be provided in the Part 1 Application of the CITC Database for the Department of Housing and Community Development’s review and certification of tax credit allocation to the donor.

Organizations must provide written acknowledgment letters to all donors participating in the CITC program that includes the name of the organization, amount of cash contribution, description and good faith estimate of the value of goods and/or services, if any, that the organization provided in return for the contribution, and the qualified investment amount. A copy of the acknowledgment letter will be submitted to DHCD by the CP with their Part 2 Application in the CITC Database.

*Adopted by analogy to IRS Publication 1771 (Rev. 3-2016), Charitable Contribution, Substantiations and Disclosure Requirements – adjusted annually for inflation