



# FAQ

## Frequently Asked Questions

### **MDFB TAX CREDIT FOR CONTRIBUTION PROGRAM— *CONTRIBUTOR QUESTIONS***

**Q1: What are the Tax Credits issued by the Missouri Development Finance Board (the Board)?**

A: The Board administers the Tax Credit for Contribution Program established by the Revised Statutes of Missouri (RSMo), Section 100.286. Contributions made to the Board are granted back to previously approved projects in order to further the project's efforts. The contributor receives a 50% Infrastructure Development Fund Tax Credit based upon their contribution (e.g. \$20,000 contribution receives a \$10,000 tax credit). The tax credits can be used by the contributor to pay certain taxes due to the State of Missouri.

**Q2: Who is eligible to make the contribution and receive a tax credit?**

A. Any taxpayer, including any charitable organization that is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under Chapter 143, shall be entitled to a tax credit in the amount of 50% of any amount contributed to the Board.

**Q3: What taxes can be offset by the Tax Credits issued by the Board?**

A: The credits may be used to offset income tax otherwise imposed by RSMo Chapter 143 (excluding withholding tax imposed by RSMo Sections 143.191 to 143.261); franchise tax otherwise imposed by RSMo Chapter 147 (corporations only); financial institution tax otherwise imposed by RSMo Chapter 148 (financial institutions and insurance companies only); or transferred to another taxpayer(s).



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### **Q4: How do I send my contribution to the Board?**

A: Your contribution can be in the form of a check, wire transfer, or marketable securities. Checks must be made out to the “Missouri Development Finance Board” and not to the project title. For your comfort, you may reference the project on the check in the memo section or include “FBO (For the Benefit Of) – Project Title” on the payee line of the check. Send the check to the Board at the address on the footer of this document.

Wire transfer instructions are available from the project representative or from the Board.

Marketable security contribution instructions are available from the project representative or from the Board. The 50% tax credit is calculated on the *Net Liquidated Proceeds* upon the sale of the marketable securities. You may be able to maximize your tax position through the contribution of appreciated marketable securities.

In addition to the contribution, the Board must receive a completed Form 100. This form enables the Board to complete your tax credit certificate and register your credits with the Department of Revenue. A Form 100 is available from the project representative or from the Board.

If a contribution is made on behalf of a business, the Board requires the completion and notarization of the *Alien Certification Form*. The form states in part ... “I certify that I am an authorized representative of the applicant and as such am authorized to make the statement of affirmation contained herein.

I certify that the applicant does NOT employ illegal aliens and that the applicant has complied with federal law (8 U.S.C. §1324a) requiring the examination of an appropriate document or documents to verify that an individual is not an unauthorized alien.

I understand if the applicant is found to have employed an illegal alien in Missouri and did not, for that employee examine the document(s) required by federal law, that the applicant shall be ineligible for any state-administered or subsidized tax credit, tax abatement or loan for a period of five years following any such finding.”



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### **Q5: What will I receive back once I make my contribution to the Board?**

A: Once your contribution and Form 100 have been received and processed, you will receive a Tax Credit Certificate that includes the information from your Form 100 and includes a unique tax credit number that the Department of Revenue needs to track the usage of your tax credits.

In addition to the tax credit certificate, a blank Form L is sent to you. The Form L is sent as a courtesy and is needed if you plan to sell or assign your tax credits to another taxpayer. You do not need to complete the Form L until you plan to sell or assign your tax credits.

### **Q6: If I chose to, how do I sell or assign my tax credits to another taxpayer?**

A: To transfer any part of the tax credit, you must complete Missouri Form L, "Infrastructure Development Fund Tax Credit Request for Transfer." A blank Form L was included with your tax credit certificate, or you may obtain one from our website at [www.mdfb.org](http://www.mdfb.org) or contact the Board at (573) 751-8479. Complete a Form L each time you want to transfer all or part of your approved credit. A separate Form L must be filed for each transferee named in Section 2 of Form L. The amount transferred may not exceed the total amount of your approved tax credit. (The Board will not accept the Missouri Transfer Form (MO-TF) from the Missouri Department of Economic Development or any other State generic form.)

These credits cannot be used to amend a previously filed return by the original contributor or any subsequent assignee for any tax year beyond the immediately preceding tax year in which the credit was acquired, if that return has not yet been filed.

The Missouri Development Finance Board does not coordinate any tax credit sales. Sellers and purchasers can coordinate the transaction themselves or work with a professional tax credit clearinghouse company.

### **Q7: How do I claim the Tax Credits on my State of Missouri tax return?**

A: To claim earned tax credits, enter the amount of the tax credit being claimed on the appropriate line of your Missouri state tax return and attach a copy of the Tax Credit Certificate to your tax return along with the completed Missouri State Form MO-TC. In order to claim a Missouri Tax Credit you will be required to file a paper return.



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**Q8: If I have more tax credits than tax liabilities, what happens?**

A: The Infrastructure Development Fund Tax Credits issued by the Board cannot be “refunded” and cannot be “carried-back” but can be carried forward to offset future tax liabilities for up to five years. The tax credit certificate need not be completely used on one return. Portions of the credit can be used in each of the succeeding five years to pay tax liabilities owed to the State of Missouri. Please refer to Q6 for additional information.

**Q9: What are the Federal Tax implications of my contribution and related tax credit usage?**

A: The Board does not give tax advice and recommends you contact your tax professional. It may be possible to recognize your contribution as a Federal deduction, thereby making your cost even less than the “net 50% cost” of the contribution to the Board. The net 50% cost is derived from the fact that a \$20,000 contribution earns a \$10,000 tax credit and therefore only costs the contributor a “net” of \$10,000.

**Q10: Will the project know I have made a contribution to the Board for their project?**

A: The project periodically receives “Project Activity Reports” listing the amount and contributor. This helps the project ensure that recognition has been given. Advance notice to the project by the contributor is appreciated by the project representative.

**Q11: If I have more questions, where do I call?**

A: You may call the project representative or the Missouri Development Finance Board at (573) 751-8479.