

## *Missouri's Affordable Housing Assistance Program (AHAP)*

### TAX CREDITS



### **What are AHAP Credits?**

Missouri is issuing Affordable Housing Assistance Program tax credits as an incentive for businesses and/or individuals to participate in affordable housing production. The State offers an income tax credit to any eligible firm or eligible organization that donates cash, equity, professional services, and real or personal property to a non-profit community based organization. The credit is equal to 55% of the value of the contribution.

### **Eligibility**

To be eligible, a Donor must be subject to Missouri tax from business activities performed in the state of Missouri. You must meet one of the following criteria:

- A corporation filing Missouri Form 1120;
- A sole proprietorship filing Federal Form 1040 Schedule C and Missouri Form 1040;
- A farm operation filing Federal Form 1040 Schedule F and Missouri Form 1040;
- An individual reporting income from rental property or royalties on Federal Form 1040 Schedule E and filing Missouri Form 1040;
- A small business corporation (S-Corporation) filing Missouri Form 1120S;
- A partnership filing Missouri Form 1065;
- A bank, credit institution, savings and loan association, credit union, farmer's cooperative credit association, or building and loan association filing a Missouri financial institutional tax return;
- An insurance company filing a Missouri Insurance Tax Return with the Division of Insurance;
- An individual partner in a partnership or shareholder in an S-Corporation; or
- A public or private foundation subject to Missouri tax. The foundation must certify that it is subject to the state income tax imposed by the provisions of chapter 143 RSMo because the unrelated business income of the foundation is subject to Missouri income tax.

### **Credit may be applied against**

- The corporation franchise tax in Chapter 174 RSMo;
- The State income tax in Chapter 143 RsMo;

- The annual tax on gross receipts of express companies in chapter 153 RSMo;
- The tax on banks determined under subdivisions (1) or (2) of subsection 2 of RSMo 148.030;
- The tax on other financial institutions in Chapter 148 RSMo; pr
- The annual tax on gross premium receipts of insurance companies in Chapter 128 RSMo.

## What kinds of donations are eligible?

ANY CASH, STOCK, REAL ESTATE, PROFESSIONAL SERVICES OR MATERIALS/PRODUCTS THAT ARE ELIGIBLE FOR THE FEDERAL INCOME TAX CHARITABLE DEDUCTION. PENDING THEY ARE MADE TO AN ELIGIBLE NON-PROFIT THAT HAS RECEIVED A RESERVATION OF AHAP CREDITS FROM MHDC.

Here is an example of an individual or family in the 35% tax bracket, making a \$1,000 donation\*

<b>Donation per \$1,000.00</b>		<b>Tax Savings</b>
Federal Tax Deduction	35%	\$350.00
Missouri Tax Deduction	6%	\$60.00
Missouri AHAP Credit	55%	\$550.00
Lost Benefit from State Tax Deduction		\$(175.00)
<b>Total Tax Savings</b>		<b>\$785.00</b>
Donation		\$1000.00
Tax Savings		-\$785.00
<b>After Tax Cost of Contribution</b>		<b>\$215.00</b>

\*This is an example only; please check with your accountant to determine how this program will affect your personal tax situation.

For more information contact Habitat for Humanity of Springfield, MO.

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