

NIP FAQ

What is the program timeline?

The program is administered according to the state fiscal year, from July 1 to June 30. To be eligible for tax credit, contributions must be made after the organization has been certified for participation.

What types of contributions are eligible for tax credit? Contributions can be in the form of cash, personal property, real estate, stock and in-kind professional services. The minimum eligible donation is \$500.

What types of professional services are eligible for tax credit? Only services performed by a lawyer, accountant, West Virginia-licensed architect, doctor or other state-licensed medical professional (nurse, physician's assistant, etc.) are eligible. These services cannot account for more than 25 percent of the total contribution by an individual. In other words, the person providing the services must also make a cash, property or stock contribution equal to three times his or her in-kind donation. There are other restrictions on the eligibility of professional in-kind donations; contact the West Virginia Development Office for details.

How does a tax credit differ from a tax deduction? A tax deduction reduces the amount of total income on which taxes are based. A tax credit is used to reduce total tax liability. Generally, a tax credit is worth substantially more to the donor than a tax deduction.

What are the limitations of the credits? There are three primary limitations on the use of the tax credits:

The amount of credit allowable must be taken within a five-year period, beginning with the tax year in which the donation is made.

A donor may receive no more than \$100,000 annually in NIP tax credits.

A donor cannot use NIP tax credit to reduce total state tax liability by more than 50 percent annually.

If a donor makes contributions over several years, can the credits overlap? Yes but the limitations described still apply.

Does the Neighborhood Investment Program adversely affect federal tax deductions for charitable contributions?

No. For detailed advice specific to your circumstances, please contact your tax advisor.

How are the tax credits reported?

Contributors to a participating organization will receive a tax credit voucher that lists the amount of the contribution (form WV-NIPA-1). Simply attach the voucher along with a program worksheet (form WV-NIPA-2) to the appropriate West Virginia tax form and deduct the tax credit amount from the tax due amount.

If filing electronically, please retain the tax credit voucher (WV-NIPA-1) for your records.