

### WHAT IS NAP?

The Neighborhood Assistance Program (NAP), established by Indiana Code 6-3.1-9, offers \$2.5 million in tax credits annually for distribution by not-for-profit organizations, up to \$25,000 per organization. Organizations use NAP tax credits as an incentive to help them leverage additional contributions from individuals and businesses for programs and services benefiting economically disadvantaged neighborhoods.

### HOW DO THE CREDITS WORK?

Organizations, corporations, individuals and Donor Advised Funds are all eligible to make a contribution\* to a NAP agency. When they do, they will receive a tax credit on their Indiana taxes worth 50% of their contribution.

**Example: If an individual contributes \$1,000 they will receive a \$500 Indiana tax credit.**

The minimum NAP Tax Credit Donation allowed is \$100 for a \$50 tax credit and the maximum NAP Tax Credit Donation allowed is \$50,000 for a \$25,000 tax credit. That maximum is for all donations combined, even if a donor contributes to multiple NAP organizations.

The donations are reported by the nonprofit organization to the Indiana Housing and Community Development Authority (IHCDA), which manages the NAP program. IHCDA then reports donor information to the Indiana Department of Revenue (IDOR) which provides the credit for the donor's state tax liability.

NAP Tax Credits must be claimed in the year that the donation was made and cannot be rolled over to the next tax year.

**Example: If an individual donates on February 1, 2021, the credits must be reported on their 2021 taxes, not their 2020 taxes.**

### WHAT ARE ELIGIBLE CONTRIBUTIONS?

- Cash
- Liquidated Stock
- In-kind Building Materials\*\*\*
- Check
- Property\*
- Contributions from IRAs
- Credit Card
- Donor Advised Funds donations\*\*
- United Way Designated Contributions

### DIRECTIONS FOR DONORS

- 1.) Make a donation in any of the eligible contribution formats to an approved NAP organization with available credits.
- 2.) Complete a completed Donor Contribution Form for the NAP organization's records and keep a copy for your own records. The NC-10 form is no longer used in this program.
- 3.) If the credit is for the Donor's personal taxes, then the donation must be in their name and come from their personal account. If the donor wants the donation to go on their business taxes then the donation must be in the business name.
- 4.) Claim the donation on Schedule 6 using code 828. No form is required to submit.
- 5.) If IDOR rejects your credit, contact the NAP organization to confirm what was reported to IHCDA. Most credit rejections are the result of an incorrectly reported SSN or donation amount, or a donor being left off the donor report completely.

\*The donated property must be related to the actual approved project of the NAP Organization.

\*\*Refer to the NAP organization to determine if contribution qualifies.

\*\*\*The donated materials must be related to the actual approved project the NAP Organization.