

# Credit for Contributions to Selected Community Development Corporations

Department of the Treasury  
Internal Revenue Service

▶ Attach to your return.

Name(s) shown on return	Identifying number
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## Part I Current Year Credit

1 Total qualified community development corporation (CDC) contributions from attached Schedule(s) A (Form 8847).	1								
2 Current year CDC credit. Multiply line 1 by 5% (.05)	2								
3 CDC credits from flow-through entities:									
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20%;">If you are a—</td> <td>Then enter total of current year CDC credit(s) from—</td> </tr> <tr> <td>a Shareholder</td> <td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td> </tr> <tr> <td>b Partner</td> <td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13</td> </tr> </table>	If you are a—	Then enter total of current year CDC credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13	3		
If you are a—	Then enter total of current year CDC credit(s) from—								
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13								
b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13								
4 Total current year CDC credit. Add lines 2 and 3	4								

## Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:			
<ul style="list-style-type: none"> <li>• Individuals. Enter amount from Form 1040, line 40</li> <li>• Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)</li> <li>• Other filers. Enter regular tax before credits from your return</li> </ul>	5		
6a Credit for child and dependent care expenses (Form 2441, line 9)	6a		
6b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	6b		
6c Child tax credit (Form 1040, line 43)	6c		
6d Education credits (Form 8863, line 18)	6d		
6e Mortgage interest credit (Form 8396, line 11)	6e		
6f Adoption credit (Form 8839, line 14)	6f		
6g District of Columbia first-time homebuyer credit (Form 8859, line 11)	6g		
6h Foreign tax credit	6h		
6i Possessions tax credit (Form 5735, line 17 or 27)	6i		
6j Credit for fuel from a nonconventional source	6j		
6k Qualified electric vehicle credit (Form 8834, line 19)	6k		
6l Add lines 6a through 6k	6l		
7 Net regular tax. Subtract line 6l from line 5	7		
8 Alternative minimum tax:			
<ul style="list-style-type: none"> <li>• Individuals. Enter amount from Form 6251, line 28</li> <li>• Corporations. Enter amount from Form 4626, line 15</li> <li>• Estates and trusts. Enter amount from Form 1041, Schedule I, line 39</li> </ul>	8		
9 Net income tax. Add lines 7 and 8	9		
10 Tentative minimum tax (see instructions):			
<ul style="list-style-type: none"> <li>• Individuals. Enter amount from Form 6251, line 26</li> <li>• Corporations. Enter amount from Form 4626, line 13</li> <li>• Estates and trusts. Enter amount from Form 1041, Schedule I, line 37</li> </ul>	10		
11 If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	11		
12 Enter the greater of line 10 or line 11	12		
13 Subtract line 12 from line 9. If zero or less, enter -0-	13		
14 CDC credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	14		

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

Use Form 8847 to claim the credit for qualified contributions made to selected community development corporations (CDCs).

The credit is part of the general business credit and is figured under the provisions of section 13311 of the Revenue Reconciliation Act of 1993.

## How the Credit Is Figured

The credit is figured over a 10-year credit period beginning with the tax year the qualified CDC contribution is made. The credit for each tax year in the credit period is 5% of the qualified CDC contribution (see **Definitions** below).

When a contribution is made, selected CDCs furnish each contributor a **Schedule A (Form 8847)**, Receipt for Contribution to a Selected Community Development Corporation (CDC), with Part I of Schedule A completed. The contributor must complete Part II of Schedule A and attach the schedule to Form 8847 each year the credit is claimed. See Part II of Schedule A for details.

## Definitions

**A qualified CDC contribution** is any transfer of cash that is:

1. Made to a selected CDC during the 5-year period beginning on the date the CDC was selected by the Secretary of Housing and Urban Development (HUD);
2. Available for use by the CDC for at least 10 years;
3. To be used by the CDC for qualified low-income assistance within its operational area; and
4. Designated by the CDC as a qualified contribution for purposes of the credit.

Each of the selected CDCs may designate up to \$2 million as qualified CDC contributions.

A qualified CDC contribution does not need to be a charitable contribution or gift. It may be made in the form of a 10-year loan (or other long-term investment), the principal of which is to be returned to you after the 10-year period. However, if you donate cash to a selected CDC, you may claim both the CDC credit and a charitable contribution deduction (subject to the limitations that generally apply to charitable contributions).

**Qualified low-income assistance** is assistance that is:

1. Designed to provide employment of, and business opportunities for, low-income individuals who reside in the operational area of the CDC; and
2. Approved by the Secretary of HUD.

**A selected CDC** is any of the following CDCs that the Secretary of HUD announced on June 30, 1994. The 12 selected urban CDCs are:

1. New Economics for Women, Los Angeles, CA;
2. Marshall Heights Community Development Organization, Inc., Washington, DC;
3. Tacolcy Economic Development Corp., Miami, FL;
4. Grasp Enterprises, Inc., Atlanta, GA;
5. Bethel New Life, Inc., Chicago, IL;
6. Urban Edge Housing Corp., Boston, MA;
7. Southeast Development, Inc., Baltimore, MD;
8. New Community Corp., Newark, NJ;
9. Bedford Stuyvesant Restoration Corp., Brooklyn, NY;
10. Hough Area Partners In Progress, Cleveland, OH;

11. Free the Children, Inc., Memphis, TN; and

12. The Southern Dallas Development Corp., Dallas, TX.

The eight selected rural CDCs are:

1. El Pajaro Community Development Corp., Watsonville, CA;
2. Kentucky Highlands Community Development Corp., London, KY;
3. Coastal Enterprises, Inc., Wiscasset, ME;
4. Delta Foundation, Greenville, MS;
5. Chautauqua Opportunities, Inc., Mayville, NY;
6. North Cambria Community Development Corp., Barnesboro, PA;
7. National Rural Development & Finance Corp., San Antonio, TX; and
8. Virginia Mountain Housing, Inc., Christiansburg, VA.

For more details on these selected CDCs, see HUD News Release No. 94-94, dated June 30, 1994.

## S Corporations and Partnerships

S corporations and partnerships complete lines 1 through 4 of Form 8847 to figure the credit to pass through to their partners or shareholders. The entity attaches Form 8847 to its tax return with a Schedule A (Form 8847) for each CDC contribution made. Electing large partnerships, include this credit in "general credits."

## Specific Instructions

### Part I

**Note:** *If the only credit claimed on Form 8847 is a credit you received from a partnership or S corporation, you do not have to obtain or attach Schedule A (Form 8847) to Form 8847. Disregard lines 1 and 2 and complete lines 3 and 4 of Part I and the applicable lines of Part II (or Form 3800, if required).*

**Line 1.** Enter the total qualified CDC contributions you made as reported in Part I of the attached Schedule(s) A (Form 8847).

Keep all original Schedule(s) A (Form 8847) received from the CDCs for 3 years after the 10-year credit period.

### Who Must File Form 3800

Complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8847, to figure the tax liability limit for the credit if for this year you have:

- More than one of the credits included in the general business credit listed below,
- A carryback or carryforward of any of the credits,
- A credit from a passive activity, or
- General credits from an electing large partnership (Schedule K-1 (Form 1065-B)).

The general business credit consists of the following credits:

- Investment (Form 3468),
- Work opportunity (Form 5884),
- Welfare-to-work (Form 8861),
- Alcohol used as fuel (Form 6478),
- Research (Form 6765),
- Low-income housing (Form 8586),
- Enhanced oil recovery (Form 8830),
- Disabled access (Form 8826),
- Renewable electricity production (Form 8835),

- Indian employment (Form 8845),
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846),
- Orphan drug (Form 8820),
- Contributions to selected community development corporations (Form 8847), and
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit (Form 8844), while a component of the general business credit, is figured separately on Form 8844 and is never carried to Form 3800.

## Part II

**Line 10.** Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, enter the TMT that was figured on the appropriate AMT form or schedule.

**Line 11.** If a husband and wife file separate returns, each must use \$12,500. But if one of them has no current year CDC credit, then the other may use the entire \$25,000 amount.

A member of a controlled group must use only its apportioned share of the \$25,000 amount.

See section 38(c)(3)(C) for limitations on the CDC credit for regulated investment companies, real estate investment trusts, and estates and trusts.

**Line 14.** If you cannot use part of the credit because of the tax liability limit (line 13 is smaller than line 4), carry the unused portion back 1 year and then forward for 20 years. See the separate Instructions for Form 3800 for details.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file the following forms will vary depending on individual circumstances.

The estimated average times are:

	Form 8847	Sch. A (Form 8847)
<b>Recordkeeping</b>	6 hr., 28 min.	3 hr., 7 min.
<b>Learning about the law or the form</b>	24 min.	
<b>Preparing and sending the form to the IRS</b>	31 min.	3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which these forms are filed.

