

Credit for Contributions to Selected Community Development Corporations

Department of the Treasury
Internal Revenue Service

▶ Attach to your return.

Attachment
Sequence No. **100**

Name(s) shown on return

Identifying number

Part I Current Year Credit

1	Total qualified community development corporation (CDC) contributions made from June 30, 1994, to the end of the tax year (see instructions)	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; vertical-align: middle;"> <tr> <td style="border: none;">If you are a—</td> <td style="border: none;">Then enter total of current year CDC credit(s) from—</td> </tr> <tr> <td style="border: none;">a Shareholder</td> <td style="border: none;">Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td> </tr> <tr> <td style="border: none;">b Partner</td> <td style="border: none;">Schedule K-1 (Form 1065), lines 13d, 13e, or 14</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 13d, 13e, or 14	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 13d, 13e, or 14									
4	Total current year CDC credit. Add lines 2 and 3	4								

Part II Tax Liability Limitation (See Who Must File Form 3800 to see if you complete Part II or file Form 3800.)

5a	Individuals. Enter amount from Form 1040, line 40	}	5		
b	Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)				
c	Other filers. Enter regular tax before credits from your return (see instructions)				
6	Credits that reduce regular tax before the general business credit:				
a	Credit for child and dependent care expenses (Form 2441, line 10)	6a			
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 21)	6b			
c	Mortgage interest credit (Form 8396, line 11)	6c			
d	Foreign tax credit (Form 1116, line 32; or Form 1118, Sch. B, line 12)	6d			
e	Possessions tax credit (Form 5735)	6e			
f	Orphan drug credit (Form 6765, line 10)	6f			
g	Credit for fuel from a nonconventional source	6g			
h	Qualified electric vehicle credit (Form 8834, line 19)	6h			
i	Add lines 6a through 6h	6i			
7	Net regular tax. Subtract line 6i from line 5	7			
8	Tentative minimum tax (see instructions):				
a	Individuals. Enter amount from Form 6251, line 26	}	8		
b	Corporations. Enter amount from Form 4626, line 13				
c	Estates and trusts. Enter amount from Form 1041, Schedule H, line 37				
9	Net income tax:				
a	Individuals. Add line 7 above and line 28 of Form 6251	}	9		
b	Corporations. Add line 7 above and line 15 of Form 4626				
c	Estates and trusts. Add line 7 above and line 39 of Form 1041, Schedule H				
10	If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	10			
11	Subtract line 8 or line 10, whichever is greater, from line 9. If less than zero, enter -0-	11			
12	CDC credit allowed for the current year. Enter the smaller of line 4 or line 11. This is your General Business Credit for 1994. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the appropriate line of other income tax returns	12			

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.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 5 hr., 30 min.
- Learning about the law or the form** 18 min.
- Preparing and sending the form to the IRS** 24 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. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed.

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 under section 38 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).

Definitions

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

- 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);
- Available for use by the CDC for at least 10 years;
- To be used by the CDC for qualified low-income assistance within its operational area; and
- 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:

- Designed to provide employment of, and business opportunities for, low-income individuals who reside in the operational area of the CDC; and
- 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:

- New Economics for Women, Los Angeles, CA;
- Marshall Heights Community Development Organization, Inc., Washington, DC;
- Tacoloy Economic Development Corp., Miami, FL;
- Grasp Enterprises, Inc., Atlanta, GA;

- Bethel New Life, Inc., Chicago, IL;
- Urban Edge Housing Corp., Boston, MA;
- Southeast Development, Inc., Baltimore, MD;
- New Community Corp., Newark, NJ;
- Bedford Stuyvesant Restoration Corp., Brooklyn, NY;
- Hough Area Partners In Progress, Cleveland, OH;
- Free the Children, Inc., Memphis, TN; and
- The Southern Dallas Development Corp., Dallas, TX.

The eight selected rural CDCs are:

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

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

Specific Instructions

Part I

Use lines 1 and 2 to figure any CDC credit from your trade or business. Skip lines 1 and 2 if you are claiming only a credit that was allocated to you from an S corporation or a partnership.

S Corporations and Partnerships

S corporations and partnerships figure their current year credit on lines 1 and 2, enter any CDC credit from other flow-through entities on line 3, and allocate the line 4 credit among the shareholders or partners.

Line 1.—Enter the total qualified CDC contributions you made from June 30, 1994, to the end of your tax year.

For example, you are a fiscal year filer and your 1994 tax year begins 10/1/94 and ends 9/30/95. In July 1994 of your 1993 tax year, you made a \$100,000 qualified CDC contribution. You did not make any additional CDC contributions during your 1994 tax year. You would enter \$100,000 on line 1 of your 1994 Form 8847. The credit is allowed only if the contribution continues to meet the qualification requirements from the year of contribution to the end of the current tax year.

Keep all receipts from the CDCs that designate the amounts and dates of your contributions that qualify for the credit for 3 years after the 10-year credit period.

Who Must File Form 3800

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, or a credit for contributions to selected CDCs from a passive activity, you must complete **Form 3800**, General Business Credit, instead of Part II of Form 8847 to figure the tax liability limitation.

The general business credit consists of the following credits:

- Investment (Form 3468),
- Jobs (Form 5884),
- 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), and
- Contributions to selected community development corporations (Form 8847).

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 5c.—Form 990-T filers, enter the total of either lines 35c and 37 or lines 36 and 37, whichever applies.

Line 8.—Enter the tentative minimum tax (TMT) that was figured on the appropriate alternative minimum tax (AMT) form or schedule. Although you may not owe AMT, you must still compute the TMT to figure your credit.

Line 10.—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.

If you are a member of a controlled group, enter only your apportioned share of the \$25,000 amount.

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

Line 12.—If you cannot use part of the credit because of the tax liability limitations (line 12 is smaller than line 4), carry the unused portion back to each of the 3 preceding tax years, beginning with the earliest. Any remaining unused credit is then carried forward for 15 years. See the separate Instructions for Form 3800 for details.

