

VIRGINIA DEPARTMENT OF SOCIAL SERVICES (VDSS)

NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)

BUSINESS DONOR FACT SHEET

July 1, 2016 – June 30, 2017

Overview:

Neighborhood Assistance Program (NAP) State tax credits may be available to:

- Any business entity authorized to do business in the Commonwealth of Virginia;
- Licensed health care professional donating services to a NAP organization with a health care clinic;
- Licensed pharmacist providing services to a 501(c) (3) clinic referred by a NAP organization;
- Mediator certified pursuant to guidelines promulgated by the Judicial Council of Virginia who provides services at the direction of a NAP organization that provides court referred mediation services regardless of where the services are delivered;
- Physician specialist providing services to patients who are referred from a NAP organization whose sole purpose is providing specialty medical referral services to patients of participating clinics or federally qualified health centers regardless of where the services are delivered.

To qualify, donations must be made in the form of one of the following:

- ✓ Cash
- ✓ Stock
- ✓ Real Estate
- ✓ Merchandise
- ✓ Rent/Lease of the Organization’s Facility
- ✓ Professional Services
- ✓ Contracting Services
- ✓ Health Care Services
- ✓ Pharmaceutical Services
- ✓ Mediation Services
- ✓ Physician Specialist Services

NAP tax credits may be available to a business making a donation of at least \$616. The Code of Virginia establishes a maximum tax credit of 65 percent of the value of the qualified donation. The donor must complete a Tax Credit Adjustment form if accepting a tax credit for less than 65 percent of the value of the donation.

General Provisions for Business Donors:

- Please consult the NAP organization to determine the availability of NAP tax credits. NAP tax credits are limited, and availability is based on the allocation of credits to a NAP organization.
- Discounted property, partial donation or bargain sales are not allowable for NAP donations. All donations must be made without any conditions or expectations of compensation or other benefits.
- Donations must be made directly to the NAP organization with no restrictions. A third party donation, such as a designation through another non-profit organization (i.e.: United Way, JustGive, etc.) is not eligible for NAP tax credits.
- Determining the effect of making a donation for tax credits on a donor’s tax liability is the sole responsibility of the donor. Before making a donation, or when tax-related questions occur, donors are encouraged to seek advice from their tax accountant or other tax advisor.

<i>Donation Requirements</i>	
<u>Stock:</u>	<ul style="list-style-type: none">• The value of stock is the Fair Market Value on the valuation date. Valuation must be determined in accordance with IRS standards.• A copy of a letter or statement from the brokerage firm or bank listing the name of the donor, type of stock, number of shares, the value, and date of transfer must be provided to the NAP organization.

<i>Donation Requirements</i>													
<u>Real Estate:</u>	<ul style="list-style-type: none"> • A copy of a current appraisal and recorded deed of transfer for donations of real estate must be provided to the NAP organization. 												
<u>Merchandise:</u>	<ul style="list-style-type: none"> • Merchandise to be used by the NAP organization: The value of new or used merchandise donated is determined using IRS standards. The amount listed should normally be the same as used for federal tax purposes. (See IRS Publication 561 for additional information on determining value of donations) • Merchandise to be Sold, Auctioned, or Raffled by approved the NAP organization: The value of merchandise (excluding motor vehicles) donated for the purpose of being sold, auctioned, or raffled by NAP organization is the lesser of the actual book cost of the item or the proceeds received by the organization. • The value of a motor vehicle is determined using IRS standards. Items that have been fully depreciated and expensed have zero value are not eligible for NAP tax credits. • A detailed list for each item donated showing the business cost of merchandise must be provided to the NAP organization. 												
<u>Rent Lease of Organization's Facility:</u>	<ul style="list-style-type: none"> • For donated facility leased space, the NAP organization should request a copy of a previous lease for the same space that reports former rental charges, or require verification from a third party realtor or rental agent as to the prevailing square footage rental charge for comparable property. • A copy of the Rent/Lease agreement between the property owner and the NAP organization, listing the donation dates and monthly rental rate by square footage based on comparable rate of similar space must be provided to the NAP organization. 												
<u>Professional Services:</u> <u>Hourly Rate for the Owner or Partner of the Business</u> <u>Hourly Rate for an Employee of the Business</u> <u>Certification</u>	<p>Professional services eligible for NAP tax credits are limited to:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">✓ Accounting</td> <td style="width: 50%;">✓ Actuarial Services</td> </tr> <tr> <td>✓ Architecture</td> <td>✓ Land Surveying</td> </tr> <tr> <td>✓ Law</td> <td>✓ Dentistry</td> </tr> <tr> <td>✓ Medicine</td> <td>✓ Optometry</td> </tr> <tr> <td>✓ Pharmacy</td> <td>✓ Professional Engineering</td> </tr> <tr> <td>✓ Veterinarian</td> <td></td> </tr> </table> <ul style="list-style-type: none"> • The business donor and NAP organization must agree on the value of donated services prior to the services being donated. In sole proprietorships, partnerships or limited liability companies, the value of professional services rendered by the proprietor or a partner or member to a NAP organization must be the lesser of the reasonable cost for similar services from other providers or \$125 per hour. • A business firm may be allowed tax credits for the time spent by a salaried employee who renders professional services to a NAP organization. For purposes of determining the amount of tax credit allowed for salaried employees, the value of the professional service is the salary that the employee was actually paid for the period of time professional services were provided (operating overhead and benefit costs are not to be included); not to exceed \$125 per hour. All donations of staff time are to occur during the employee's normal work hours. • A signed copy of the Services Contribution Data Sheet must be provided to the NAP organization. If additional space is required, a spreadsheet listing the business name, contact person, job title of the individual providing the service, type of service provided, date(s) of donation, hourly rate, total hours worked per day, and total value for services may be provided to the NAP organization. 	✓ Accounting	✓ Actuarial Services	✓ Architecture	✓ Land Surveying	✓ Law	✓ Dentistry	✓ Medicine	✓ Optometry	✓ Pharmacy	✓ Professional Engineering	✓ Veterinarian	
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<p><u>Contracting Services:</u></p> <p><u>Hourly Rate for the Owner or Partner of the Contracting Business</u></p> <p><u>Hourly Rate for an Employee of the Contracting Business</u></p> <p><u>Certification:</u></p>	<ul style="list-style-type: none"> • Contracting Services is defined as a business firm licensed under Title 54.1 by the Commonwealth of Virginia as a contractor of labor or technical advice to aid in the development, construction, renovation, or repair of homes of low-income persons or buildings used by neighborhood organizations. • In sole proprietorships, partnerships or limited liability companies, the value of contracting services rendered by the proprietor or a partner or member to a NAP organization must be the lesser of the reasonable cost for similar services from other providers or \$50 per hour. • A business firm may be allowed tax credits for the time spent by a salaried employee who renders contracting services to a NAP organization. For purposes of determining the amount of tax credit allowed for salaried employees, the value of the contracting services is the salary that the employee was actually paid for the period of time contracting services were provided (operating overhead and benefit costs are not to be included); not to exceed \$50 per hour. All donations of staff time are to occur during the employee’s normal work hours. • A signed copy of the Services Contribution Data Sheet must be provided to the NAP organization. If additional space is required, a spreadsheet listing the business name, contact person, job title of the individual providing the service, type of service provided, date(s) of donation, hourly rate, total hours worked per day, and total value for services may be provided to the NAP organization. 														
<p><u>Hourly Rate for Health Care, Mediation, Pharmaceutical, or Physician Specialist Services</u></p>	<ul style="list-style-type: none"> • The value to be used for donated health care, pharmaceutical, mediation or physician specialist services must be agreed to by the donating professional and the NAP organization prior to the services being donated. The value of these services cannot exceed the lesser of reasonable and customary charges for similar services from other providers or \$125 per hour. 														
<p><u>Health Care Services:</u></p> <p><u>Certification:</u></p>	<ul style="list-style-type: none"> • NAP tax credits may be awarded to the following health care professionals licensed under Title 54.1 who provide health care services free of charge within the scope of their licensure to a NAP organization with an onsite health care clinic: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">✓ Physicians</td> <td style="width: 50%;">✓ Pharmacists</td> </tr> <tr> <td>✓ Dentists</td> <td>✓ Chiropractors</td> </tr> <tr> <td>✓ Physician Assistants</td> <td>✓ Nurse Practitioners</td> </tr> <tr> <td>✓ Optometrists</td> <td>✓ Dental Hygienists</td> </tr> <tr> <td>✓ Nurses</td> <td>✓ Professional Counselors</td> </tr> <tr> <td>✓ Clinical Social Workers</td> <td>✓ Clinical Psychologists</td> </tr> <tr> <td>✓ Marriage and Family Therapists</td> <td>✓ Physical Therapists</td> </tr> </table> • A separate CNF-B form must be completed for donations made between July 1 and December 31 or between January 1 and June 30. The minimum donation requirement of \$616 must be met for each six-month period. • A copy of the signed Services Contribution Data Sheet must be provided to the NAP organization. If additional space is needed, a spreadsheet listing the name of the individual providing the service, type of service provided, job title, date(s) of donation, hourly rate, total hours worked per day, and total value for services may be provided to the NAP organization. 	✓ Physicians	✓ Pharmacists	✓ Dentists	✓ Chiropractors	✓ Physician Assistants	✓ Nurse Practitioners	✓ Optometrists	✓ Dental Hygienists	✓ Nurses	✓ Professional Counselors	✓ Clinical Social Workers	✓ Clinical Psychologists	✓ Marriage and Family Therapists	✓ Physical Therapists
✓ Physicians	✓ Pharmacists														
✓ Dentists	✓ Chiropractors														
✓ Physician Assistants	✓ Nurse Practitioners														
✓ Optometrists	✓ Dental Hygienists														
✓ Nurses	✓ Professional Counselors														
✓ Clinical Social Workers	✓ Clinical Psychologists														
✓ Marriage and Family Therapists	✓ Physical Therapists														

<i>Donation Requirements</i>	
<p><u>Mediation Services:</u></p> <p><u>Certification:</u></p>	<ul style="list-style-type: none"> • A separate CNF-H form must be completed for donations made between July 1 and December 31 or between January 1 and June 30. The minimum donation requirement of \$616 must be met for each six-month period. • A copy of the signed Services Contribution Data Sheet for a Mediator must be provided to the NAP organization. If additional space is needed, a spreadsheet listing the name of the individual providing the service, type of service provided, job title, date(s) of donation, hourly rate, total hours worked per day, and total value for services may be provided to the NAP organization.
<p><u>Pharmaceutical Services:</u></p> <p><u>Certification:</u></p>	<ul style="list-style-type: none"> • A separate CNF-H form must be completed for donations made between July 1 and December 31 or between January 1 and June 30. The minimum donation requirement of \$616 must be met for each six-month period. • A copy of the signed Services Contribution Data Sheet for a Pharmacist must be provided to the NAP organization. If additional space is needed, a spreadsheet listing the name of the individual providing the service, name, address and telephone number of the 501(c) (3) free clinic where services are provided, dates of donation, hourly rate, total hours worked, and total value for services may be provided to the NAP organization.
<p><u>Physician Specialist Services:</u></p> <p><u>Certification:</u></p>	<ul style="list-style-type: none"> • A separate CNF-H form must be completed for donations made between July 1 and December 31 or between January 1 and June 30. The minimum donation requirement of \$616 must be met for each six-month period. • A copy of the signed Services Contribution Data Sheet for Physician Specialist Services must be provided to the NAP organization. If additional space is needed, a spreadsheet listing the name of the individual providing the service, name, address and telephone number of the 501(c) (3) free clinic where services are provided, dates of donation, hourly rate, total hours worked, and total value for services may be provided to the NAP organization.

Completing NAP Contribution Notification Forms (CNF):

A NAP Contribution Notification Form (CNF) must be completed for all qualifying NAP donations. CNF forms must be completed as follows:

- Donor must complete Part I and II of the CNF and send the form and all supporting documentation to the NAP organization.
- The NAP organization will then complete Part III, and mail the original CNF and supporting documentation to the Virginia Department of Social Services (VDSS) for processing.
- A tax credit certificate will be mailed directly to the donor within six to eight weeks from the date VDSS receives the CNF and supporting documentation. Donor information is shared with the Virginia Department of Taxation and the Department of Education to track tax credits issued under the Neighborhood Assistance Tax Act.

Pass-Through Businesses and Trusts:

All pass-through businesses (Sub S, Partnership, LLP, LLC, PC, etc.) or a trust must complete Form PTE Virginia Pass-Through Credit Allocation (upon receipt of Tax Credit Certificate) and mail the completed form to the Virginia Department of Taxation. Form PTE Virginia Pass-Through Credit Allocation will be mailed to donors with the NAP Tax Credit Certificate.

Additional Form PTE Virginia Pass-Through Credit Allocation forms can be obtained from the Department of Taxation's website (www.tax.virginia.gov) under the *Forms* heading, click on *Credits*, and click on *PTE*.