



# Missouri's Affordable Housing Assistance Program (AHAP)

## *Tax Credits*

### What are AHAP Credits?

Missouri Affordable Housing Assistance Program tax credits are an incentive for eligible businesses/individuals to participate in affordable housing production. The State offers an income tax credit to any eligible firm or eligible organization that donates cash, equity, professional services and real or personal property to a non-profit community based organization. The credit is equal to 55% of the value of the contribution. The credit is transferable and can be carried forward for 10 years.

### Eligibility

To be eligible, a Donor must be subject to Missouri tax from business activities performed in the state of Missouri. You must meet one of the following criteria:

- A **corporation** filing Missouri Form 1120;
- A **sole proprietorship** filing Federal Form 1040 Schedule C and Missouri Form 1040;
- A **farm operation** filing Federal Form 1040 Schedule F and Missouri Form 1040;
- An individual reporting **income from property rental or royalties** on Federal Form 1040 Schedule E and filing Missouri Form 1040;
- A **small business corporation** (S-Corporation) filing Missouri Form 1120S;
- A **partnership** filing Missouri Form 1065;
- A **bank, credit institution, savings and loan association, credit union, farmer's cooperative credit association or building and loan association** filing a Missouri financial institutional tax return;
- An **insurance company** filing a Missouri Insurance Tax Return with the Division of Insurance;
- An **individual partner** in a partnership or shareholder in an S-Corporation; or
- A **public or private foundation** subject to Missouri tax. The foundation must certify tax it is subject to the state income tax imposed by the provisions of chapter 143 RSMo because the unrelated business income of the foundation is subject to Missouri income tax.

Credits may be applied against

- The corporation franchise tax in Chapter 174 RSMo;
- The State income tax in Chapter 143 RSMo;
- The annual tax on gross receipts of express companies in chapter 153 RSMo;
- The tax on banks determined under subdivisions (1) or (2) of subsection 2 of RSMo 148.030;
- The tax on other financial institutions in Chapter 148 RSMo; or
- The annual tax on gross premium receipts of insurance companies in Chapter 128 RSMo.

## What kinds of donations are eligible?

Any cash, stock, real estate, professional services or materials/products that are eligible for the Federal Income Tax Charitable Deduction pending they are made to an eligible non-profit that has a received a reservation of AHAP credits from the Missouri Housing Department Commission (MHDC).

Below is a simple example showing donor in the 35% tax bracket, making a \$1,000 donation\*

<b>Donation per \$1,000</b>		<b>Tax Savings</b>
Federal Tax Deduction	35%	\$350.00
Missouri Tax Deduction	6%	\$ 60.00
Missouri AHAP Credit	55%	\$550.00
Lost Benefit from State Tax Deduction		\$(175.00)
<b>Total Tax Savings</b>		<b>\$785.00</b>
Donation		\$1,000.00
Tax Savings		\$(785.00)
<b>After Tax Cost of Contribution</b>		<b>\$215.00</b>

\*Above represents an example only; please check with your financial advisor to determine how this program will apply to your personal tax situation.

For more information, please contact:

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