

# Credit for Contributions to Certain Community Development Corporations

▶ **Attach to your return.**

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

<b>1</b> Amount of qualified community development corporation (CDC) contributions made during the credit period . . . . .	<b>1</b>							
<b>2</b> Current year CDC credit. Multiply line 1 by 5% (.05) . . . . .	<b>2</b>							
<b>3</b> CDC credits from flow-through entities: <table border="1" style="display: inline-table; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="padding: 2px;">If you are a—</td> <td style="padding: 2px;">Then enter total of current year CDC credit(s) from—</td> </tr> <tr> <td style="padding: 2px;">a Shareholder</td> <td style="padding: 2px;">Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td> </tr> <tr> <td style="padding: 2px;">b Partner</td> <td style="padding: 2px;">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	<b>3</b>	
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b Partner	Schedule K-1 (Form 1065), lines 13d, 13e, or 14							
<b>4</b> <b>Total current year CDC credit.</b> Add lines 2 and 3 . . . . .	<b>4</b>							

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

<b>5a</b> Individuals. Enter amount from Form 1040, line 40 . . . . . <b>b</b> Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) . . . . . <b>c</b> Other filers. Enter regular tax before credits from your return . . . . .		<b>5</b>																
<b>6</b> Credits that reduce regular tax before the general business credit: <table border="1" style="display: inline-table; border-collapse: collapse; margin-left: 20px;"> <tr><td style="padding: 2px;"><b>6a</b></td><td style="width: 100px;"></td></tr> <tr><td style="padding: 2px;"><b>6b</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6c</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6d</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6e</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6f</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6g</b></td><td></td></tr> <tr><td style="padding: 2px;"><b>6h</b></td><td></td></tr> </table>	<b>6a</b>		<b>6b</b>		<b>6c</b>		<b>6d</b>		<b>6e</b>		<b>6f</b>		<b>6g</b>		<b>6h</b>			
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<b>6h</b>																		
<b>6i</b> Add lines 6a through 6h . . . . .	<b>6i</b>																	
<b>7</b> Net regular tax. Subtract line 6i from line 5 . . . . .	<b>7</b>																	
<b>8</b> Tentative minimum tax (see instructions): <table style="margin-left: 20px;"> <tr> <td style="padding: 2px;"><b>a</b> Individuals. Enter amount from Form 6251, line 26 . . . . .</td> <td rowspan="3" style="font-size: 2em; vertical-align: middle;">}</td> </tr> <tr> <td style="padding: 2px;"><b>b</b> Corporations. Enter amount from Form 4626, line 14 . . . . .</td> </tr> <tr> <td style="padding: 2px;"><b>c</b> Estates and trusts. Enter amount from Form 1041, Schedule H, line 37 . . . . .</td> </tr> </table>	<b>a</b> Individuals. Enter amount from Form 6251, line 26 . . . . .	}	<b>b</b> Corporations. Enter amount from Form 4626, line 14 . . . . .	<b>c</b> Estates and trusts. Enter amount from Form 1041, Schedule H, line 37 . . . . .	<b>8</b>													
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<b>9</b> Net income tax: <table style="margin-left: 20px;"> <tr> <td style="padding: 2px;"><b>a</b> Individuals. Add line 7 above and line 28 of Form 6251 . . . . .</td> <td rowspan="3" style="font-size: 2em; vertical-align: middle;">}</td> </tr> <tr> <td style="padding: 2px;"><b>b</b> Corporations. Add line 7 above and line 16 of Form 4626 . . . . .</td> </tr> <tr> <td style="padding: 2px;"><b>c</b> Estates and trusts. Add line 7 above and line 39 of Form 1041, Schedule H . . . . .</td> </tr> </table>	<b>a</b> Individuals. Add line 7 above and line 28 of Form 6251 . . . . .	}	<b>b</b> Corporations. Add line 7 above and line 16 of Form 4626 . . . . .	<b>c</b> Estates and trusts. Add line 7 above and line 39 of Form 1041, Schedule H . . . . .	<b>9</b>													
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<b>10</b> If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions) . . . . .	<b>10</b>																	
<b>11</b> Subtract line 8 or line 10, whichever is greater, from line 9. If less than zero, enter -0- . . . . .	<b>11</b>																	
<b>12</b> <b>CDC credit allowed for the current year.</b> Enter the <b>smaller</b> of line 4 or line 11. This is your <b>General Business Credit</b> for 1993. 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 . . . . .	<b>12</b>																	

### 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 more simple, 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

Section 13311 of the Revenue Reconciliation Act of 1993 expanded the application of section 38 to include a credit for qualified contributions to certain community development corporations (CDCs). Form 8847 is used to figure and claim the CDC credit.

### 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 certain community development corporations from a passive activity, you must complete **Form 3800**, General Business Credit, instead of completing 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), and
- Renewable electricity production (Form 8835).

The Revenue Reconciliation Act of 1993 added the following four new credits:

- Empowerment zone employment (Form 8844),
- Indian employment (Form 8845),
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846), and
- Contributions to certain community development corporations (Form 8847).

Generally, the new credits are allowed for expenditures incurred after December 31, 1993. Form 8844 first applies for the 1994 tax year. See the above listed new forms or Form 3800 for details.

### How the Credit Is Figured

The credit is figured over a 10-year credit period beginning with the tax year the 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:

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 corporation:

1. That is a tax-exempt organization described in section 501(c)(3);

2. The principal purpose of which includes promoting employment of, and business opportunities for, low-income individuals who are residents of the operational area; and

3. That is selected by the Secretary of HUD before July 1, 1994.

The following CDCs were selected by the Secretary of HUD on June 30, 1994:

#### URBAN CDCs (12):

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.

#### RURAL CDCs (8):

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.

## 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 amount of all qualified CDC contributions made during the credit period.

### Part II

**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.**—Enter the general business credit on the appropriate line of your income tax return.

