

INTRODUCTION

The Missouri Affordable Housing Assistance Program (“AHAP”) housing production credit is used as an incentive for Missouri businesses and/or individuals to participate in affordable housing production. This state tax credit is earned by an eligible donor for the donation of cash, equity, services, or real or personal property to a non-profit community-based organization for the purpose of providing affordable housing assistance activities or market rate housing in distressed communities. The AHAP credit is governed by Missouri Revised Statutes 32.105, 32.111, 32.112, 32.115, 32.120, and 32.125.

AHAP Tax Credit

The AHAP tax credit is a one-time credit that may be allocated to an eligible donor (“Donor”) for up to 55 percent of the total value of an eligible donation. The credit is fully transferable and may be carried forward for a period of up to ten years. The credit may be applied dollar-for-dollar against liability for Missouri corporate income tax, individual income tax, franchise tax, financial institution tax, gross premium receipts tax, and gross receipts tax. There are two types of AHAP tax credits: Operating Assistance credits and Production credits (please see the AHAP Program Guide-Production Credits form AHAP-025-P for production-specific information). Agencies may receive reservations of credits in multiple years.

ELIGIBILITY

Eligible Donor

To be eligible, a Donor must be subject to Missouri tax from business activities performed in the state of Missouri. Employees of the non-profit who have been allocated AHAP tax credits are not eligible to make donations for AHAP credits. However, they are eligible to receive AHAP tax credits through the transfer process. More specifically, a Donor must be classified as one of the following:

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 rental property 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 institution 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 that 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.

Donors may apply the AHAP tax credit 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 148 RSMo.

Eligible Donation

Donations may be in the form of cash, stock, real estate, professional services, or materials/products and must be eligible for the federal income tax charitable deduction. The donation must be made to an eligible non-profit agency which has received a reservation of AHAP credits from MHDC (see section II. Application Process). To allocate the credit, MHDC requires supporting documentation evidencing the receipt and value of the donation and a certification form executed by the Donor and the agency. MHDC reserves the right to request additional information. To be eligible, donations must be received on or after the date of reservation and prior to the deadline outlined in the reservation letter. Donations submitted for AHAP tax credits are prohibited from receiving tax credits from other tax credit programs for the same donation.