

Community Investment Tax Credit (CITC) Program



The **Community Investment Tax Credit Program** (CITC) offers State tax credits to Maryland businesses and individuals that contribute to nonprofit organizations that are working to address critical needs in the State's communities. Through the program, businesses and individuals that make a donation to qualified nonprofit organizations receive a valuable State tax credit.

Downtown Frederick Partnership works to enhance, promote and preserve the vitality and economic viability of Downtown Frederick by implementing the national Main Street Program for the benefit of Frederick businesses, residents and visitors.

How does the program work?

Nonprofit organizations apply for tax credit allocations competitively awarded by the Maryland Department of Housing and Community Development. **Downtown Frederick Partnership was awarded an allocation of \$25,000 in tax credits (valued at \$50,000) that now are available to the community for the 2016 calendar year.** Credits are sold on a first come first serve basis.

The Partnership works hard to keep Downtown Frederick strong and vibrant, and is a sound investment and good for business, residents and visitors alike.

Entities that donate directly to nonprofits receive tax credits equal to 50 percent of the value of the donation. These tax credits may be claimed in addition to State and Federal deductions for charitable contributions.

Entities must start using the credits against taxes owed for the year in which the contribution is made. If the credits exceed the taxes owed, the excess credits may be carried over for up to five years following the tax year in which the contribution was made. Credits may not be used retroactively against taxes owed for years prior to the year in which the contribution is made.

Sample Summary*	
Initial business contribution	\$10,000
MD tax savings (assumes 7% tax rate)	(700)
Federal tax savings (assumes 39% tax rate)	(3,900)
CITC award (50% of contribution)	(5,000)
Net cash outlay by donor	\$400

Who is eligible for the program?

Any entity conducting business or operating a trade in or individual residing in Maryland is eligible.

- Investment minimum is \$500 (state requirement)
- If previously invested in the Partnership, gift must be doubled from the previous year
- If gift has been doubled once while participating in program, you are excluded from previous requirement
- Downtown Frederick Partnership will provide credits for the total investment (previous investment plus increased investment)

If you are interested in CITC contact Danielle Doll at 301.698.8118 or danielle@downtownfrederick.org

**Notes: Tax rates shown are for illustrative purposes only. Actual rates will vary based on each business' particular income and legal structure. Provided by MD DHCD.*