

# NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)

## INDIVIDUAL DONORS TAX CREDIT FACT SHEET

### What is NAP and how does it work?

Offered through the Virginia Department of Social Services, the Neighborhood Assistance Program is a tax incentive program allowing for state tax credits for eligible donations made to qualified tax-exempt organizations. Created in 1981, its purpose is to encourage private sector involvement in the alleviation of poverty in Virginia. Eligible nonprofit organizations are awarded allocations on a basis of proven operational success and their capacity to serve impoverished people. Computers4Kids' initial eligibility period runs through June 30, 2010.

### Who is eligible?

Any individual or married couple.

### What are the limits on tax credits?

In order to qualify for the tax credits, individual donations must value at least \$500. For tax purposes, individuals use a calendar year. Therefore, the minimum cash donation must be met between the period of July 1 – December 31 or between January 1 – June 30 to qualify for NAP tax credit. Individuals may only claim NAP tax credits on the donation on state tax returns if a deduction for the donation has *not* been taken on federal tax returns.

### How much will I receive in tax credits?

NAP awards state tax credits of 40 percent of the donation value to individuals making qualifying donations. The maximum tax credit individuals may receive is \$50,000 per taxable year.

### What types of donations qualify?

For individuals, only cash or marketable securities are eligible; goods, real estate, services, etc. are not eligible for NAP tax credits.

### How are tax credits awarded?

If you would like to receive NAP tax credits for your donation, please contact Computers4Kids at 434-817-1121 or [info@computers4kids.net](mailto:info@computers4kids.net). We will provide you with the Contribution Notification Form, which you will fill out and return to us. We will submit forms to the Dept. of Social Services, and the Tax Credit Certificate will be mailed from NAP directly to you within four to six weeks.



# NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)

## BUSINESS DONORS TAX CREDIT FACT SHEET

### What is NAP and how does it work?

Offered through the Virginia Department of Social Services, the Neighborhood Assistance Program is a tax incentive program allowing for state tax credits for eligible donations made to qualified tax-exempt organizations. Created in 1981, its purpose is to encourage private sector involvement in the alleviation of poverty in Virginia. Eligible nonprofit organizations are awarded allocations on a basis of proven operational success and their capacity to serve impoverished people. Computers4Kids' initial eligibility period runs through June 30, 2010.

### Who is eligible?

Any business as described in Section 63.2-2000 in the Code of Virginia

### What are the limits on tax credits?

In order to qualify for NAP tax credits, business donations must value at least \$1,000 and total donations to NAP organizations within approval period must not exceed \$437,500. Businesses may claim NAP tax credits for the donation on state taxes *and* may claim a deduction for the donated amount on federal tax returns. Discounted property is not allowable for NAP donations.

### How much will my business receive in tax credits?

NAP awards state tax credits of 40 percent of the donation value to businesses making qualifying donations during the organization's 12 month approval period.

### What types of donations qualify?

- **Cash:** Cash donations must be made by check written from the business account.
- **Stock:** Stock values are determined by the Fair Market Value on the valuation date. Stocks must be owned by the business to be eligible.
- **Merchandise:** Donated goods must be owned by the donor business. Supporting documentation must be submitted.
- **Real Estate:** Current appraisal and recorded deed of transfer must be submitted.
- **Rent/Lease Facility:** Rental charges must be fair and appropriate. Verification must be submitted.
- **Professional Services:** Limited to accounting, actuarial services, architecture, land surveying, law, dentistry, medicine, optometry, pharmacy, and professional engineer. Value must not exceed the lesser of the reasonable cost for similar services from other providers or \$125 per hour. May also claim the value of the professional service is equal to the salary that was actually paid to the business employee who performed the service.
- **Contracting Services:** Limited to labor or technical advice to aid in the development, construction, renovation, or repair of buildings used by an approved nonprofit organization. Value is the lesser of the reasonable cost for similar services from other providers or \$50 per hour. May also claim the value of the professional service is equal to the salary that was actually paid to the business employee who performed the service.

### How are tax credits awarded?

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