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June 6, 2011

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**FOR IMMEDIATE RELEASE**

**NMTC WORKING GROUP ASKS FOR NEW GUIDANCE AND RESUBMITS  
RECOMMENDATIONS FOR TREASURY'S PRIORITY GUIDANCE LIST**

**Industry Group Asks For Written Agreement with JCT Economic Substance  
Explanation and Further Consideration of Previous Recommendations**

**San Francisco, Calif.** — The NMTC Working Group in a letter dated June 1, 2011 asked the U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) to consider the Group's recommendations for its Priority Guidance List for 2011-2012. The Group requests that Treasury provide written guidance that it will follow the technical explanation prepared by the Joint Committee on Taxation (JCT), specifically footnote 344, regarding the codification of the economic substance doctrine in tax credit transactions. It also asks that Treasury consider previous recommendations and subsequent clarifications to those recommendations the Working Group sent in November 2008 in response to proposed NMTC regulations issued August 11, 2008.

Footnote 344 clarifies that codification of the economic substance doctrine is not intended to disallow tax credits in a transaction that achieves the basic purpose or plan for which the tax credit was designed by Congress. The footnote is included in the JCT's explanation of the revenue provisions of the Health Care and Education Affordability Reconciliation Act of 2010.

While commending Treasury and the Internal Revenue Service for their continuing efforts to improve and clarify tax guidance for the NMTC program and the guidance provided by the JCT footnote, the Working Group in its letter stresses the need for Treasury to express its agreement with the footnote. "While we believe that case law and historical Treasury guidance is generally consistent with the interpretation provided in footnote 344, we also believe that industry participants and practitioners can more readily rely on written guidance from Treasury expressing Treasury's agreement with the explanatory statements provided in footnote 344," said Michael Novogradac, managing partner in the San Francisco office of Novogradac & Company LLP and the Working Group's advisor on industry and governmental affairs. "Such guidance from Treasury would receive greater deference by a court interpreting the economic substance statute than the JCT explanatory footnote."

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“We believe that further guidance on these issues is essential to sustain and increase the impact of the NMTC Program on low-income communities. With further guidance, we believe that the NMTC can be an even more effective tool in restoring economic growth throughout the country,” said Brad Elphick, a partner in Novogradac & Company’s Atlanta office who leads the Working Group’s efforts.

The NMTC Working group also asked Treasury to consider further the group’s recommendations that were submitted in its November 7, 2008 letter regarding the NMTC Treasury regulations. “By providing guidance on these issues, we believe that the NMTC program will be able to better serve its intended purpose, bringing capital to communities that have had inadequate access to capital, by lessening the current risk to investors due to the uncertainties of the NMTC program,” Elphick said.

For more information on the NMTC Working Group, its goals and membership, and to view the letters the Working Group sent to Treasury, please go to [www.nmtcworkinggroup.com](http://www.nmtcworkinggroup.com) and click on comment letters.

The NMTC Working Group was established to provide a platform for NMTC industry participants to work together to resolve technical and administrative NMTC program issues. Each month, members of the group participate on a conference call. Members participate in discussions and provide input regarding pending action items as agreed to by the members of the group. Novogradac & Company LLP also hosts an NMTC Working Group meeting at a scheduled time at each of its national NMTC conferences. Comments and suggestions based on the group discussions are agreed to and submitted in writing directly to the IRS, the Community Development Financial Institutions (CDFI) Fund and other governmental agencies.

Novogradac & Company LLP, a national certified public accounting and consulting firm headquartered in San Francisco, Calif., has consistently been named by Accounting Today and Public Accounting Report as one of the top accounting firms in the country. Inside Public Accounting named it as one of the 25 best managed accounting firms and the San Francisco Business Times recognizes it as one of only five companies that for five consecutive years has made its list of the Fastest Growing Companies in the San Francisco Bay Area. In addition to its San Francisco headquarters, the firm has offices in metro Atlanta, Ga., Washington, D.C., Detroit, Mich. and Kansas City, Mo., as well as in Austin, Texas, Boston, Mass., Dover, Columbus and Cleveland, Ohio, Portland, Ore., New York, N.Y. and Long Beach, Calif.

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