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Amendments to New Markets Tax Credit Regulations

Comment On: [IRS-2008-0091-0001](#)

Amendments to New Markets Tax Credit Regulations

Document: [IRS-2008-0091-0004](#)

Comment on FR Doc # N/A

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General Comment

Dear Sirs,

The goal of the NMTC program is to spur revitalization efforts of low-income and impoverished communities across the United States. The U.S. Government Accountability Office (GAO) Report to the U.S. Congressional Committees regarding the New Markets Tax Credit (NMTC) program dated January, 2007 states, "The results of our investor survey and statistical analysis indicate that the NMTC may be increasing investment in eligible low-income communities by participating investors, which is consistent with the program's purpose" (p. 34). The U.S. GAO also states, "Our survey indicated that most NMTC investors increased the share of their investment budget for low-income communities because of the credit" (p. 34). Therefore, I think that NMTC program is useful for investors to invest in low-income communities.

The U.S. GAO indicates that financial institutions and individuals with higher incomes are approximately 70 percent of the NMTC investors. Although the statistical analysis of the U.S. GAO shows increased investments in low-income communities, there is no information about the economic and social benefits that the low-income communities receive from the investments. I think that some investments may be against local companies. In order to address this concern, I recommend that Treasury Regulation 1.45 D-1(c)(4)(i)(C) should be clarified by adding the following definition: Any equity investment will be void, if the investment was against a community's profit.

This clarification will enhance the efficiency and the impact of the NMTC program.

Sincerely,

Hong-Cheng Liu