NOVOGRADAC TAX CREDIT TUESDAY PODCAST

Summary: July 13, 2021

In this week's Tax Credit Tuesday podcast, Michael Novogradac, CPA, and Novogradac principal Erin Neff, CPA, discuss two common questions asked by Novogradac clients who are thinking about applying for new markets tax credit allocation (NMTC) authority: 1. Are there particular types of borrowers that are underserved by community development entities? 2. How can a NMTC applicant can improve the chances of getting a larger tax credit award? Michael and Erin discuss the answer that connects these two questions, namely using a portion of one's allocation to make small-dollar loans, which are principally done through loan pools. Learn about various tax and compliance considerations related to loan pools, as well as best practices.

Summaries of each topic:

1. How a CDE committing to making small-dollar loans can help them win a larger NMTC allocation (2:44-5:12)
2. Why does the CDFI Fund incentivize CDEs to make small-dollar loans? (5:13-7:52)
3. Why aren't CDEs making small-dollar loans without an incentive? (7:53-8:50)
4. How a small-dollar loan fund differs from a typical NMTC structure (8:51-10:00)
5. Considerations when forming a CDE that will have multiple borrowers and multiple loans (10:01-18:52)
6. Implications of state taxes on loan funds (18:53-20:59)
7. Best practices (21:00-30:40)

Additional Resources

Email

Erin Neff