

Notice 92-26, 1992-1 CB 514--IRC Sec(s).42

June 8, 1992

SPECIAL HOUSING CREDIT AGENCY ALLOCATION RULE

Notice 92-26

This notice emphasizes the need for housing credit agencies to make carryover allocations of low-income housing credit dollar amounts under section 42(h)(1)(E) of the Internal Revenue Code by the close of the calendar year. It also provides relief to those housing agencies that may have misread Notice 89-1, 1989-1 C.B. 620. Notice 89-1 explains the proper method for making a carryover allocation of post-1987 low-income housing credit dollar amounts under section 42(h)(1)(E). The requirements for a carryover allocation contained in Notice 89-1 must be satisfied by the close of the calendar year for which the allocation is made. Notice 89-1 also explains the proper method for electing under section 42(b)(2)(A)(ii) to use the appropriate percentage for a month other than the month in which a qualified low-income building is placed in service. Under section 42(b)(2)(A)(ii), a taxpayer has until the 5th day after the close of a month to elect that month as the appropriate percentage month.

Although the requirements for making a carryover allocation and electing an appropriate percentage month differ, some housing credit agencies have mistakenly read Notice 89-1 as permitting carryover allocations to be made by the 5th day after the close of the calendar year. The Service will consider carryover allocations made for calendar years before 1992 as having been made by the close of a calendar year if the carryover allocation document was signed and dated by an authorized official of the housing credit agency by the 5th day following the close of that calendar year. For example, a 1989 carryover allocation document submitted by a taxpayer to a housing credit agency in 1989

and executed by the agency on January 5, 1990, will be considered made in calendar year 1989.

The Service will consider situations not within the scope of this notice on a case-by-case basis.

DRAFTING INFORMATION

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