



TaxNewsFlash

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Treasury to allocate \$5 billion in New Markets Tax Credit (NMTC) authority for 2022

The U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund) today released the “notice of allocation availability” for the calendar year 2022 round of the New Markets Tax Credit (NMTC) program.

The 2022 NMTC allocation is set at \$5 billion in tax credit allocation authority—the same amount allocated in NMTCs initially authorized for 2021.

The notice of allocation availability is scheduled to be published in the Federal Register on November 22, 2022.

Background

According to a [CDFI Fund webpage](#), through the end of fiscal year 2021, the NMTC program has generated \$8 of private investment for every dollar of federal funding. In addition, the NMTC program has created more than 239 million square feet of manufacturing, office, and retail space, and financed more than 10,800 businesses.

The NMTC program allows an investor a tax credit against its federal income taxes for making qualified equity investments (QEI) in Community Development Entities (CDEs).

The Treasury Department allocates the NMTCs to the CDEs that, in turn, make qualifying investments (generally loans) to businesses located in low-income communities. The NMTC totals 39% of the cost of the original investment amount and is claimed over a seven-year credit period.

According to a [CDFI Fund release](#) (November 18, 2022), 1,461 awards have been made to date—totaling \$71 billion in tax credit allocation authority.

Changes to NMTC program for 2022

The CDFI Fund is implementing several changes to the NMTC program for 2022 including:

- **Revised QEI issuance requirements:** Prior-year NMTC allocatees will be subject to revised minimum thresholds for QEI issuance and closing of qualified low-income community investment (QLICs) with respect to their prior-year NMTC allocations.
- **CY 2022 NMTC program application FAQs updates:** Several questions have been revised.

Important deadlines

- CDE certification application submission deadline: December 2, 2022
- NMTC application registration in AMIS: December 15, 2022
- NMTC allocation application in AMIS: January 26, 2022*
- QEI issuance and QLIC requirements: May 4, 2023

For more information, contact a tax professional in KPMG's Washington National Tax:

Julie Chapel | jchapel@kpmg.com

Vish Amin | vamin@kpmg.com

*This appears to be a typo. KPMG tax professionals believe the correct deadline is January 26, 2023.

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