



TaxNewsFlash

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U.S. Treasury to allocate \$5 billion in New Markets Tax Credit (NMTC) authority for 2023

The U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund) today released the "notice of allocation availability" for the calendar year (CY) 2023 round of the New Markets Tax Credit (NMTC) program.

The 2023 NMTC allocation is set at \$5 billion in tax credit allocation authority—the same amount allocated in NMTCs initially authorized for 2022.

Read the [announcement](#) [PDF 329 KB] as scheduled for publication in the Federal Register on October 24, 2023.

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 nearly 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 (QEIs) 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](#) (October 23, 2023), 1,563 awards have been made to date—totaling \$76 billion in tax allocation authority.

Changes to NMTC program for 2023

The CDFI Fund is revising the following CY 2023 round documents:

- CY 2023 New Markets Tax Credit Program Application Instructions:

- The document has been reformatted and is now in tabular format.
- The areas of higher distress listed in question 25 of the “Community Outcomes” section have been revised as follows for CY 2023:
 - Native Areas and U.S. territories are now primary areas of higher distress.
 - Secondary areas of higher distress have been revised and streamlined.
- CY 2023 NMTC Program Application “frequently asked questions” (FAQs):
 - The CY 2023 NMTC Program Application FAQs have been revised.

Important deadlines

- CDE certification application submission deadline: November 8, 2023
- NMTC application registration in AMIS: November 15, 2023
- NMTC allocation application submission in AMIS: December 19, 2023
- QEI issuance and QLICI requirements: March 21, 2024

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