



To: IDA Tax Credit Administrators
From: Community Programs Division
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Program Guidance: IDATC-2020-01

IDA Tax Credit Requirements

Organizations that are awarded IDA Tax Credits and donors that receive those tax credit must abide by the following rules:

- Credits can only be awarded to an individual or entity with Indiana state tax liability.
- The tax credits distributed to donors must be equal to 50% of the amount of the donor's qualified contribution.
- A qualified contribution must be made for between \$100 and \$50,000; this means that credits can be distributed in amounts between \$50 and \$25,000. Any donation over \$50,000 will not be qualified for a tax credit. Contributions under \$100 will only be accepted if the IDA Tax Credit Administrator only has less than \$50 in credits.
- The maximum amount a donor can receive in tax credits is \$50,000; this is true even if the donor receives tax credits from multiple organizations.
- IDA Tax Credit Administrators may only use up to 20% of the first \$100,000 they raise from tax credits each calendar year for administrative purposes. All funds raised above \$100,000 must automatically go towards IDA matching funds.

Additional information about eligible donors and donations can be found in Section 700 of the [NAP Tax Credit Program Manual](#).

2020 IDA Tax Credit Administrators to Use 2020 IDA Manual

Organizations that receive IDA tax credits should follow the most recent IDA Program IDA Program Manual. This means that for organizations that receive 2020 IDA tax credits, any individual development account that is opened between July 1, 2020 and June 30, 2021 should follow the [2020 IDA Program Manual](#) during the life of the account, specifically Sections 300 - 700.

Some of the most important criteria from the 2020 manual include the following:

- The match rate: 3:1
- The maximum amount of match provided per account: \$4,500
- Account term: 4 years or less



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- Eligible asset purchases: home purchase, home renovation, starting or expanding a business, education and purchasing a motor vehicle

2020 IDA Tax Credit administrators should read the 2020 IDA Program Manual for additional guidance and rules associated with individual development accounts, including participant eligibility and bank account management.

Reporting Requirements

The IDA Tax Credit program year is July 1- June 30, which is the State of Indiana's fiscal calendar year. 2020 Tax Credits cannot be sold past June 30, 2021.

Two (2) donor reports will be due from 2020 IDA Tax Credit administrators to IHCD:

1. First Half Report, which shows contributions made between July 1, 2020 & December 31, 2020, will be due on Monday, January 18, 2021, 5:00 PM Eastern Time.
2. Second Half Report, which shows contributions made between January 1, 2021 & June 30, 2021 will be due on Monday, July 12, 2021, 5:00PM, Eastern Time.

Both reports should be submitted in the format administrators are given at the beginning of the program year.

A final Closeout Report for the 2020 program year will be due July 26, 2021 at 5pm Eastern Time. The report will ask how many individual development accounts were opened between July 1, 2020 and June 30, 2021, and what asset types those accounts were opened for. Any organization that receives 2020 tax credits that wants to apply for 2021 tax credits may be required to submit a draft version of the report before submitting their application for 2021 IDA tax credits.

If IDA Tax Credit administrators have any questions regarding this guidance, please direct feedback to Veronica Watson at ida@ihcda.in.gov.

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