



# Frequently Asked Questions about the Neighborhood Assistance Program (NAP)

## General NAP Information

### **1. What is the Neighborhood Assistance Program (NAP)?**

The Neighborhood Assistance Program (NAP) was created by the General Assembly in 1981, to encourage businesses, trusts and individuals to make donations to approved 501(c)(3) organizations for the benefit of low-income persons.

Each year, the Virginia General Assembly allocates funding specifically to NAP.

### **2. How does the Neighborhood Assistance Program (NAP) work?**

Eligible 501(c)(3) non-profit organizations receive an allocation of tax credits from VDSS or the DOE on a basis of proven operational success and their capacity to serve a low-income person or an eligible student with a disability.

Each organization is approved for a 12-month period (July 1 - June 30) and must re-apply each year to participate.

### **3. Who qualifies for a Neighborhood Assistance Program (NAP) tax credit?**

Individuals, Businesses, Trusts, Health Care Providers, Pharmacists, Mediators, and Physician Specialists who make a qualifying donation to a NAP organization.

<b>Business</b>	<b>Individual</b>
Cash	Cash
Stock	
Merchandise	
Real Estate	
Rent Lease	
Professional Services	
Contracting Services	
Health Care Services	
Pharmaceutical Services	
Mediation Services	
Physician Specialist Services	

# INDIVIDUAL DONATIONS

## 4. What are the tax credit requirements for an individual donation?

To be eligible for the 65% Virginia credit, you must contribute a minimum of \$1,000. A donation between \$500-\$999 will be eligible for up to 50% credit. Gifts of merchandise, services or real estate are not eligible.

To receive tax credits for your donation, first contact the charitable organization and determine if it has any remaining tax credits to allocate to your gift. If tax credits are still available, along with your gift, fill out the Contribution Notification Form (CNF) and send it to the organization. The charity will facilitate the transfer of the tax credits to you. After submitting the paperwork the Department of Social Services will send you a tax credit certificate (this can take several weeks). At tax time, attach the certificate to your return.

The minimum donation by an individual must be at least \$500\*. The value of the tax credit is equal **up to** 65% of the donation.

**Example:** \$500 cash donation X 50% = \$250 tax credit to be used on the Virginia State Income Tax Return

\*While the minimum donation for an individual is \$500 to meet the NAP program requirements. The organization is allowed to set a minimum donation value for their donors to qualify for tax credits.

## 5. I gave my donation through the United Way, how do I get tax credits?

A third party donation, such as a designation through another non-profit like United Way, Just Give, or the Commonwealth of Virginia Campaign (CVC) etc. is **not** eligible for NAP tax credits.

## 6. My tax credit is in my spouse's name and I want the credit in my name. How can I have this changed?

NAP tax credits can be made in only **one** name, even if you are married. As Nap tax credits are non-transferrable, there can be no changes made to the recipient. The name on the CNF determines who will receive the NAP tax credits.

## 7. I have misplaced or I have not received my tax credit certificate, what do I do?

Contact the NAP organization in which you made your donation to ensure the CNF has been sent to VDSS to have your tax certificate issued. The processing time is 4-6 weeks from the date the CNF is received by VDSS.

Requests for duplicate certificates that have been previously issued must be sent by the donor to NAP staff via fax to (804) 726-7946 or by email to [nap@dss.virginia.gov](mailto:nap@dss.virginia.gov). The request should include the donor's name, donor's address, organization's name, date of donation and amount of donation. Processing time for duplicate certificates is 5-7 business days and will be sent by mail. We are unable to fax or email tax credit certificates.

## 8. Is there a maximum donation value limit for receiving tax credits?

An individual is limited to a maximum donation value of \$125,000, per year. Currently, there is no maximum donation limit for a business or trust.

## 9. How do I report my NAP credits on my Virginia Income Tax Return?

Tax Credits are reported on Schedule CR filed with the Virginia Department of Taxation (TAX). Pass-thru entities need to submit Form PTE Virginia Pass-Through Credit Allocation with a copy of the tax credit certificate to TAX. All tax forms can be found on the TAX website, [www.tax.virginia.gov](http://www.tax.virginia.gov).

Please refer all tax related questions to TAX at (804) 786-2992.

#### **10. What happens if my tax credits are more than my tax liability?**

Tax credits are non-refundable; however, Neighborhood Assistance Tax Credits that exceed the donor's total Virginia State tax liability may be carried forward for up to five years. The tax credit for the current year is utilized first, prior to using the credit that has been carried forward from a preceding taxable year.

Please contact the Department of Taxation at (804) 786-2992 for additional assistance.

#### **11. What if I have additional questions or need clarification?**

Please contact the NAP organization directly to determine eligibility. You may also review the Donor Fact Sheet under the Guidance and Procedures tab for more program details, or you can contact the Department of Social Services by email at [nap@dss.virginia.gov](mailto:nap@dss.virginia.gov).

## **BUSINESS DONATIONS**

#### **12. What are the tax credit requirements for a Business/Trust donation?**

Neighborhood Assistance Program (NAP) State tax credits may be available to:

- any business entity authorized to do business in the Commonwealth of Virginia
- to a licensed health care professional donating services to a NAP organization
- a physician specialist who donates specialty medical services
- a licensed pharmacist providing services to a 501(c) (3) clinic referred by an approved NAP organization,
- to a mediator certified pursuant to guidelines promulgated by the Judicial Council of Virginia who provides services at the direction of an approved organization that provides court referred medication services regardless of where the services are delivered or
- to any trust or fiduciary for a trust subject to tax imposed by Article 6 (§ 58.1-360 et seq.) of Chapter 3 of the Code of Virginia.

Tax credits may be available to a business making a donation of at least \$616\*. The value of the tax credit is equal **up to** 65% of the donation. **For Example:** \$616 donation X 65% = \$400.40 tax credit to be used on the Virginia State Income Tax Return

\*While the minimum donation for **Business/Trust** is \$616 to meet the NAP program requirements. The organization is allowed to set a minimum donation value for their donors to qualify for tax credits.

#### **13. How do I know if my donation qualifies for a NAP tax credit?**

Please consult with the NAP organization in which you want to donate to determine the availability of NAP tax credits. Please be advised each organization has its own criteria for eligibility for NAP tax credits. Your donation must also meet the minimum tax credit donation amounts.

**The donation must be made directly to the NAP organization with no strings attached and without any conditions or expectations of monetary other benefits.** Discounted property, partial donations or bargain sales are not eligible NAP donations.

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Still have questions? Contact Director of Development, Briana Hairfield at  
540-371-1105x122 or [Bhairfield@legalaidworks.org](mailto:Bhairfield@legalaidworks.org)

For questions regarding Attorney Pro Bono NAP tax credits, please contact Carolyn  
Ross, Pro Bono Coordinator, at 540-371-1105 / [cross@LegalAidWorks.org](mailto:cross@LegalAidWorks.org) .