

2006 Form 8847, Credit for Contributions to Selected Community Development Corporations

Purpose: This is the first circulated draft of the 2006 Form 8847 for your review and comments. See the next page for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.

Prior Version: The 2005 Form 8847 is available at:

<http://www.irs.gov/pub/irs-pdf/f8847.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:

http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, call, or fax any comments by **June 5, 2006**.

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Memo of Major Changes for Form 8847

Overall, the changes made to Form 8847, Credit for Contributions to Selected Community Development Corporations, have been made to support the redesign of Form 3800, General Business Credit.

We are changing this form from an annual use form to a continuous use form. Therefore, the revision date changes from a specific year (“2006”) to a month/date format (“Rev. December 2006”).

The form will no longer be separated into parts. Therefore, the designations “Part I” and “Part II” have been deleted. Line 4 will now be the last line on the form. A partnership or S corporation will report the amount from line 4 on Schedule K of their applicable return. All other filers of Form 8847 will report the amount from line 4 on line 1x of Form 3800.

We have revised the instructions to match the changes made to the form. Part II of the instructions has been deleted.

Credit for Contributions to Selected Community Development Corporations

OMB No. 1545-1416

Attachment
 Sequence No. **100**

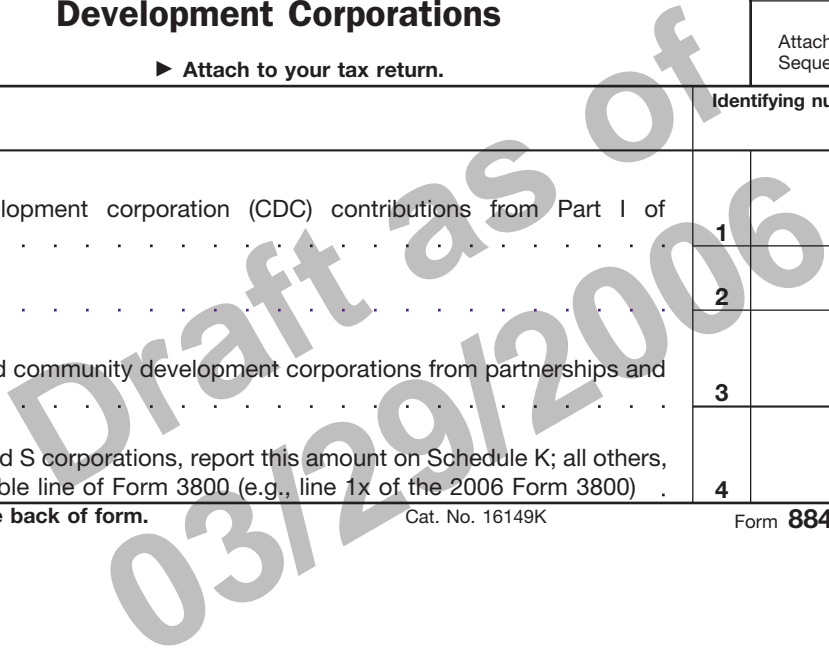
▶ Attach to your tax return.

Name(s) shown on return	Identifying number	
1 Total qualified community development corporation (CDC) contributions from Part I of Schedules A (Form 8847)	1	
2 Multiply line 1 by 5% (.05)	2	
3 Credit for contributions to selected community development corporations from partnerships and S corporations	3	
4 Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, report this amount on the applicable line of Form 3800 (e.g., line 1x of the 2006 Form 3800)	4	

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 16149K

Form **8847** (Rev. 12-2006)



General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

- The tax liability limit is no longer figured on this form; instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships or S corporations, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1x of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

Purpose of Form

Use Form 8847 to claim the credit for qualified contributions made to selected community development corporations (CDCs).

How the Credit Is Figured

The credit is figured over a 10-year credit period beginning with the tax year the qualified CDC contribution was made. The credit for each tax year in the credit period is 5% of the qualified CDC contribution (see below). The credit is part of the general business credit and is figured under section 13311 of the Revenue Reconciliation Act of 1993.

A qualified CDC contribution is any transfer of cash to a selected CDC before June 30, 1999, that is available for use by the CDC for at least 10 years and was designated by the CDC as a qualified contribution for purposes of the credit. Selected CDCs furnished each contributor a Schedule A (Form 8847), Receipt for Contribution to a Selected Community Development Corporation (CDC), with Part I of Schedule A completed.

Selected CDCs were announced in HUD News Release No. 94-94, dated June 30, 1994.

Specific Instructions

Line 1

You are not required to attach copies of Schedule A (Form 8847) to your tax return, but you may do so. You must keep all original Schedules A (Form 8847) for 3 years after the due date (including extensions) of your tax return for the last tax year in the 10-year credit period.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping** 5 hr., 15 min.
- Learning about the law or the form** 24 min.
- Preparing and sending the form to the IRS** 30 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.