

IRS News Release

Media Relations Office
www.IRS.gov/newsroom

Washington, D.C.

Media Contact: 202.622.4000
Public Contact: 800.829.1040

Treasury and IRS Announce Proposed Changes to New Markets Tax Credit Program to Foster Greater Investment in Operating Businesses

IR-2011-61, June 3, 2011

WASHINGTON — The U.S. Treasury Department and the Internal Revenue Service today announced proposed changes to the new markets tax credit (NMTC) program to encourage more investment in non-real estate businesses located in low-income communities.

Treasury and IRS are also seeking public comments on other potential changes that would promote greater investment in non-real estate operating businesses.

The new markets tax credit, created as part of the Community Renewal Tax Relief Act of 2000, provides incentives to invest in businesses in designated low-income communities.

Treasury and the IRS today filed a notice of proposed rulemaking and an advance notice of proposed rulemaking, which invites public comments and describes potential changes to the credit that might be made to facilitate more investment in non-real estate businesses. A notice of public hearing was also issued.

The proposed modifications to the credit are intended to promote greater investment in non-real estate businesses under the new markets tax credit program while still maintaining the structure of the credit that has been successful for other types of investments.

Potential changes to the tax credit include revising reinvestment requirements for entities investing in operating businesses, streamlining compliance requirements, and modifying ownership rules to reduce noncompliance risk over the course of an investment, among others.