



**PENNSYLVANIA STATE CONSERVATION COMMISSION
RESOURCE ENHANCEMENT AND PROTECTION (REAP) PROGRAM**

GUIDELINES FOR THE SALE/ASSIGNMENT OF REAP TAX CREDITS

REAP Tax Credit Seller/Assignor

A tax credit granted in accordance with the REAP Program guidelines must first be applied against the awardee's own tax liability for the taxable year during which the credit is granted. REAP tax credits may be used by the recipient of the credit against the following qualified state taxes: Personal Income Tax, Corporate Net Income Tax, Capital Stock and Franchise Tax, Bank Shares Tax, Title Insurance Company Tax, Insurance Premiums Tax, and Mutual Thrift Institutions Tax.

If the REAP awardee's current year tax liability is less than the amount of the tax credit, the awardee may:

1. Carry forward the unused portion of the tax credit for a period not to exceed fifteen (15) taxable years and use the tax credit to offset an eligible tax liability during those years.
2. One year from the Effective Date of Credit, apply to the State Conservation Commission for the sale or assignment of all - or a portion - of the unused tax credit to an identified purchaser or assignee.

If a REAP credit awardee has a tax liability for the tax year in which the REAP credit is granted, the REAP credit must be used against that current year's tax liability. However, in any subsequent year during the lifetime of the unused REAP tax credit (15 years), the REAP applicant is not required to use the tax credit from a previous year for the current year's liabilities and may sell or assign the credit.

When the REAP awardee submits an application to the Commission to sell/assign all (or a portion) of the REAP tax credit, the applicant may no longer use the tax credit (or portion) to offset an eligible tax liability, unless the application for sale/assignment is denied by the Commission, or the application for sale/assignment is withdrawn by the applicant.

Prior to the approval of a sale or assignment of a REAP tax credit, the Department of Revenue must determine that the seller/assignor of the REAP tax credit has filed all applicable state tax returns for the taxable year in which the credit was granted and has paid all applicable state taxes.

Tax Credit and Tax Benefit Accountability Report: Under Pennsylvania law (Act 25 of 2021), each individual or business awarded a REAP tax credit is required to file the Tax Credit and Tax Benefit Accountability Report within 45 days of filing an annual tax return. This requirement begins the first year the tax credit is awarded and ends after the credit has been fully utilized. The report can be accessed by visiting: www.revenue.pa.gov/IncentivesCreditsPrograms; and clicking on the "Credit Accountability Report" tile.

REAP Tax Credit Purchaser/Assignee

The purchaser/assignee of the tax credits must be identified in the application for sale/assignment of the REAP tax credits submitted by the seller. A separate application must be submitted by the REAP awardee for each purchaser or assignee.

The purchaser/assignee must claim the full amount of the purchased/assigned REAP tax credit against any qualified tax liabilities in the taxable year of the purchaser/assignee in which the application for the sale/assignment of the tax credit is **approved**. The amount of the purchased/assigned credit may not be used to offset more than **75%** of the purchaser/assignee's qualified tax liability in that taxable year. Any portion

of the tax credit not used by the purchaser/assignee is lost and may not be used in any other taxable year. The purchaser/assignee may not carry-over, carry back, obtain a refund of, sell or assign the REAP tax credit.

If the application for sale or assignment is made prior to the above conditions being met, the Department of Revenue will apply the credit to the purchaser/assignee's account for the tax period as of the later of: 1) the date which is one year after the date the credit was granted, or 2) the date the seller's tax return is filed for the period in which the credit was granted or for the period as of the date the seller becomes compliant.

Tax Reporting Requirements

Buyers and sellers of restricted tax credits must report a gain (or loss) on the sale of the tax credit in the tax year the credit is utilized by the buyer and/or sold by the seller. Buyers must report a gain or loss on the difference between the credit value purchased and the purchase price of the credit for the tax year the purchased credit is utilized. Sellers must report the amount realized from the sale of the credits as gain for the tax year the credit was sold.

Application/Approval Process

Those wishing to sell/assign REAP tax credits must apply using the form included in these guidelines. Completed applications and a copy of the REAP Tax Credit Certificate may be emailed to jsemke@pa.gov, or submitted to:

REAP Tax Credit Sale
State Conservation Commission
2301 North Cameron Street, Room 310
Harrisburg, PA 17110

The Commission will review the application for completeness. Incomplete applications will be returned to the applicant. Complete applications will be forwarded to the Department of Revenue. The Department of Revenue will determine if the seller of the REAP tax credit has filed all applicable state tax returns/reports and paid all applicable state taxes.

The Commission and the Department of Revenue will strive to complete the approval process in ninety (90) days or less. However, delinquent tax filings, outstanding tax liabilities, or other compliance issues, including but not limited to: incomplete applications, requests to sell/assign more tax credits than are available, or providing inaccurate identification numbers, will delay the approval process. Approval letters will be mailed to the sellers and purchasers only.

For questions regarding these guidelines or application, contact Joel Semke, State Conservation Commission at 717-705-4032, or via email at jsemke@pa.gov

Additional information regarding the application of credits, and the requirements for sellers of tax credits, may be found in the Pennsylvania Department of Revenue *Restricted Tax Credit Bulletin 2018-01*, at <http://www.revenue.pa.gov/GeneralTaxInformation/TaxLawPoliciesBulletinsNotices/TaxBulletins/RestrictedTaxCredit/Documents.pdf>



Date Rec'd by SCC

RESOURCE ENHANCEMENT AND PROTECTION TAX CREDITS SALE/ASSIGNMENT APPLICATION

Use separate applications for each REAP Tax Credit. Each sale/assignment application may have only one REAP ID, one seller, and one buyer.

SECTION 1: Seller or Assignor		
NAME:		
STREET:		
CITY:	STATE:	ZIP:
PHONE:	EMAIL:	
FEIN or SSN:	PA REVENUE ID:	
PA CORPORATE BOX #:		
REAP CREDIT ID:	DATE OF ISSUANCE:	
AMOUNT TO BE SOLD/ASSIGNED: \$		
<p>The PA Department of Revenue will not approve the transfer of REAP tax credits until the seller has:</p> <ol style="list-style-type: none"> 1) First be applied the REAP credit against the awardee's: Personal Income Tax, Corporate Net Income Tax, Bank Shares Tax, Title Insurance Company Tax, Insurance Premiums Tax, and Mutual Thrift Institutions Tax for the taxable year during which the credit was first approved. 2) Filed all required state tax reports and returns for all applicable tax years and paid any balance of state tax due as determined at settlement, assessment, or determination by the Department of Revenue. 3) Held the credit for one calendar year, from the effective date on the credit certificate. 		
<p><i>I, the undersigned, do hereby declare and certify that I have the authority to bind the above named REAP tax credit seller. I also certify that the approved Best Management Practice (BMP) for which the REAP tax credit was granted for the above listed REAP tax credit is in compliance with the terms of the lifespan established for this BMP, as per the terms of the approval received from the State Conservation Commission, and as listed in the REAP Program guidelines. I hereby affirm the foregoing to be true and correct to the best of my knowledge, and make these statements subject to the penalties of 18 PA.C.S.A §4904, relating to unsworn falsification to authorities.</i></p>		
SIGNATURE:	DATE:	
PRINTED NAME:		
TITLE:		



SECTION 2: Buyer or Assignee		
BUSINESS:		
NAME:		
STREET:		
CITY:	STATE:	ZIP:
PHONE:	EMAIL:	
FEIN or SSN:	PA REVENUE ID:	
PA CORPORATE BOX #:		
AMOUNT AGREED UPON TO COMPLETE THE TRANSFER OR ASSIGNMENT:		
\$		
SIGNATURE:		DATE:
PRINTED NAME:		
TITLE:		

SECTION 3: Broker/Facilitator Information	
If the services of any brokers or facilitators were used to assist with this REAP tax credit transfer, please identify the broker/agent.	
NAME(s):	
TOTAL FEE:	
\$	

SECTION IV: Acknowledgement Terms and Conditions

THE TERMS AND CONDITIONS SET FORTH BELOW ARE INCORPORATED INTO THE ACKNOWLEDGMENT - MAKING REFERENCE HERETO THE RESOURCE ENHANCEMENT AND PROTECTION TAX CREDIT ASSIGNMENT APPLICATION

I fully understand the utilization rules for the purchased or assigned credit such that:

- Buyers of restricted credits must use the credit in the year in which the purchase or assignment is made. The credit “shall be immediately claimed” and is prohibited from being carried forward, carried back, refunded, sold or assigned.
- Tax credits are applied to the buyer’s account for the tax period open as of the date the seller’s report is filed for the period in which the credit is approved or for the period as of the date the seller becomes compliant.
- Tax period open refers to the current tax year open, regardless as to when the taxpayer files a tax return for the tax period.

I fully understand that purchased or assigned tax credits may be applied up to a maximum of 75% of the tax liability and that all sales and assignment transactions are final and may not be reversed:

- Any portion of the purchased/assigned credit not used by the buyer/assignee in the year of the purchase/assignment is lost and may not be used in any other tax year. The buyer/assignee may not carry forward, carry back, obtain a refund of, or assign the purchased or assigned credits. All sales and assignment transactions are final and may not be reversed.

CERTIFICATION: I, the undersigned officer at _____, do hereby acknowledge the terms and conditions of the sale/assignment application and that I am authorized to provide this certification and agreement on behalf of the above-named Entity as the buyer or assignee of the restricted tax credit.

SIGNATURE:

DATE:

PRINTED NAME:

TITLE:

State of:

County of:

SWORN TO AND SUBSCRIBED BEFORE ME THIS _____ DAY of _____, 20____.

My commission expires:

Signature of Notary Public: