



VIRGINIA DEPARTMENT OF
SOCIAL SERVICES

Virginia Neighborhood Assistance Program (NAP) Facts

The Virginia Department of Social Services (VDSS) runs a program that lets people and businesses get state tax credits when they give money to approved non-profit groups. These groups must help people with low income.

What Non-Profits Are Eligible?

The approved groups in the Neighborhood Assistance Program (NAP) for this year are listed [here](#).

The annual program year is from **July 1 to June 30**. The current Contribution Notification Forms (CNF) can be found at [here](#).

Before you give, you must check with the Neighborhood Assistance Program group to make sure tax credits are still open. Neighborhood Assistance Program tax credits are limited. Each group gets a set amount of credits each year.

How much of a tax credit can I receive?

Approved gifts can earn Neighborhood Assistance Program tax credits of **up to 65 percent of the gift value**.

A donor may get tax credits at a lower rate. The donor should fill out the [Tax Credit Percentage Agreement Form](#) if they choose to get less than 65 percent of the gift value in tax credits.

How will this affect my taxes?

The donor is responsible for knowing how tax credits affect their taxes. Donors should talk with a tax expert before they give, or if they have tax questions during this process.

Donation Information

Making a Qualified Donation

- Gifts must go straight to the Neighborhood Assistance Program (NAP) group. There must be no strings, no pay back, and no other gain for the donor. Discounted property, partial donation or bargain sales are not allowed for tax credits.
- The NAP group may choose how to handle fees from a third-party pay tool. The group may pay the fee or take it out of the gift total. If the group does not pay the fee, the tax credit form will show the gift amount after the fee is taken out.
- Gifts made from a Deferred Charitable Contribution Plan do not count as direct gifts to a NAP group and are not allowed for tax credits. Gifts made through a giving fund or donor-led fund are also not allowed for tax credits.

Value, Date of Donation, and Required Documentation

- The gift amount must be lowered by the value of any goods or help the donor receives. If the group gives goods or help in return for a gift, the Fair Market Value (FMV) of those goods or help must be taken out of the total gift. This also includes items bought at an auction

Example: A donor buys an item at a silent auction for \$3,600. The Fair Market Value (FMV) of the item is \$3,000. Only \$600 of the gift can get tax credits.

- The group should add proof that shows the Fair Market Value, the amount paid, and the date the item was sold and paid for.

Rules for Cash and Tradable Stock Gifts

Refer to the Business Donors information below for additional categories for donations not covered in this section.

Monetary	Marketable Securities/Stock
A copy of the check(s), charge card transaction(s), or payroll deduction records, and the Credit Card Authorization Form, if applicable should be submitted with the CNF.	A letter from the brokerage firm listing the name of the donor, the name of the NAP organization receiving the gift, the number of shares, the high and low or mean price per share on the transfer date of the stock. The value is the fair market value (the number of shares times the average of the high and low prices, or the mean price per share) on the date of transfer. The date of the donation is the date the stock was transferred from the donor's account to the NAP organization's account.

NAP Individual Donors

The Neighborhood Assistance Program offers tax credits for certain individual donations. These credits support organizations that serve communities across Virginia.

Types of Donations That May Qualify

Tax credits may be available for **cash gifts** and **tradable stock gifts**.

Eligible donation types include:

- Check
- Credit card
- Electronic funds transfer
- Payroll deduction

Donation Amount Requirements

Minimum Donation	Maximum Donation
<p>To qualify for tax credits, a person must donate at least \$500 total during one of these periods:</p> <ul style="list-style-type: none">• July 1 through Dec. 31, or• Jan. 1 through June 30	<p>A person may donate up to \$125,000 in one tax year.</p> <p>This equals a maximum of \$81,250 in tax credits.</p> <p>If total donations exceed the yearly limit when combined with gifts to the Virginia Department of Social Services and the state school office, tax credits will not be issued for the excess amount.</p>

Forms and Tax Credit Process

Step 1: Complete the Donation Form

An individual or trust donor must complete [Contribution Notification Form E \(CNF-E\)](#).

- The donor completes **Parts I and II**.
- The completed form is sent to the Neighborhood Assistance Program organization.

Step 2: Organization Review

The Neighborhood Assistance Program organization:

- Reviews the form for accuracy
- Completes and signs **Part III**
- Submits the form and required documents to the Virginia Department of Social Services

Step 3: Review and Approve

- Review and approval may take up to **eight weeks** after submission.
- Once approved, the tax credit certificate is mailed to the donor by the organization.

Step 4: Tax Credit Tracking

Donor information is shared with:

- Virginia Department of Taxation
- Department of Education

NAP Business Donors

Business Donation Types, Value and Required Documents

Under the Business Donors section is an explanation of how different business donations are valued and what documents are needed. Clear records help ensure donations are processed smoothly and correctly.

Real Estate Donations

How Value Is Set

The value is based on a recent property appraisal. The amount listed should usually match the value used for federal taxes.

Required Documents

Send the following with [Contribution Notification Form A \(CNF-A\)](#):

- A property appraisal from a licensed appraiser completed within the last six months
- A copy of the recorded deed showing the transfer date

For more details on valuation, see Internal Revenue Service

Merchandise to Be Sold, Auctioned and Ruffled (Motor vehicles are not included.)

How Value Is Set

The value is the lower of:

- The business cost of the item, or
- The amount of money the organization receives

The donation date is the day the organization receives the money. (Motor vehicles are not included.)

New or Used Merchandise Donated for Use

How Value Is Set

The value follows federal tax rules and is usually based on the business cost of the item.

Items that have already been fully written off for tax purposes are not eligible for tax credits.

Required Documents for Non-Vehicle Merchandise

Send the following with [CNF-A](#):

- An invoice on company letterhead showing:
 - Each item donated
 - The business cost of each item
 - The donation date
 - A signed [Certification of Donation Value Form](#)

If items were sold, auctioned or raffled, also include a signed [Certification of Proceeds Received Form](#).

Motor Vehicle Donations

Vehicle Donated by a Dealership

Send the following with [CNF-A](#):

- Dealer invoice naming the Neighborhood Assistance Program organization
- Vehicle title showing transfer after registration with the Department of Motor Vehicles
- Signed [Certification of Donation Value Form](#)

Vehicle Donated by a Business

Send the following with [CNF-A](#):

- Title or registration showing the vehicle belonged to the business
- Title showing transfer to the Neighborhood Assistance Program organization
- Signed [Certification of Donation Value Form](#) showing the actual or remaining business cost

Vehicles fully written off for tax purposes are not eligible for tax credits.

Donated Rent or Lease Space

How Value Is Set

The value is based on fair market rent for similar space.

The donated space must be provided for **at least six months**:

- July through December, or
- January through June

Required Documents for Rent or Lease Space

Send the following with CNF-A:

- A copy of the lease or rental agreement
- Documentation showing fair market rent, such as:
 - A prior lease for the same space, or
 - A written statement from a real estate or rental agent

Professional Services

Only certain licensed professional services qualify.

Eligible Services Include:	
Accounting	Medicine
Architecture	Pharmacy
Dentistry	Surveying
Engineering	Veterinary Services
Law	

Professional Services Provided by an Owner or Partner

- The value must be agreed on **before** services are provided.
- The hourly rate is the lower of:
 - The usual cost for similar services, or **\$125 per hour**

Professional Services Provided by an Employee

- The value is the employee's regular hourly pay for the time worked
- Do not include benefits or overhead
- The rate cannot exceed **\$125 per hour**
- Services must be provided during normal work hours

Contracting Services

Contracting services include licensed construction or repair work that supports housing or community facilities.

Owner or Partner Rate

- The value is the lower of:
- The usual cost for similar services, or
- **\$50 per hour**

Employee Rate

- The value is the employee's regular pay for time worked
- Do not include benefits or overhead
- The rate cannot exceed **\$50 per hour**
- Services must occur during normal work hours

Health Care Services

Licensed health care professionals may receive tax credits for providing free care at an approved health clinic.

Eligible Providers Include:

- Physicians
- Nurses and nurse practitioners
- Dentists and dental hygienists
- Pharmacists
- Counselors and therapists
- Physical therapists

How Value Is Set

The value must be agreed on before services are provided and cannot exceed:

- The usual cost for similar services, or **\$125 per hour**, whichever is lower

Required Documents for Service Donations

For professional, contracting, health care, mediation, pharmacy or specialist services, send:

- A signed [Services Contribution Data Sheet](#) with the Contribution Notification Form

If more space is needed, you may also include a spreadsheet.

Filing Tax Returns

Basic Virginia Tax Return Filing Instructions

When you file your Virginia tax return, be sure to include your tax credit information.

- **If you file by mail:** Attach a copy of your Tax Credit Certificate to your paper return.
- **If you file online:** You do not need to attach the certificate. The Virginia Department of Taxation matches electronic returns with monthly reports of approved tax credits provided by the Virginia Department of Social Services.

Information for Pass-Through Businesses

Pass-through businesses, such as S corporations, partnerships and limited liability companies, must complete [Form PTE: Virginia Pass-Through Credit Allocation](#).

What to Do

- Complete Form PTE after you receive your Tax Credit Certificate.
- Mail or fax the completed form to the Virginia Department of Taxation.
- Include a copy of the Tax Credit Certificate with the form.

The Department of Taxation mails Form PTE to donors along with the NAP Tax Credit Certificate.

Need Another Copy of Form PTE?

You can download additional copies from the Department of Taxation website:

1. Go to www.tax.virginia.gov
2. Select **Forms & Filing**
3. Choose **Forms & Instructions**
4. Select **Credits, Subtractions, and Deductions**
5. Select **PTE**