

STATE OF NEVADA

DEPARTMENT OF BUSINESS & INDUSTRY

HOUSING DIVISION

LOW INCOME HOUSING TAX CREDIT PROGRAM

COMPLIANCE MANUAL

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PREFACE

This manual is a training and reference guide for administering the Low Income Housing Tax Credit Program. It is designed to answer questions regarding the procedures, rules, and regulations that project sponsors, management companies and on-site management personnel may have regarding the Low Income Housing Tax Credit Program ("LIHTC Program"). Additionally, this manual sets forth the procedures and policies which will be followed by the Nevada Housing Division (the "Division") in monitoring projects for non-compliance within the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, (the "Code") and in notifying the Internal Revenue Service of any non-compliance of which the Division becomes aware. It is extremely important that this manual be used as a supplement to existing laws, regulations and rules. **Any questions regarding specific interpretations of the LIHTC Program should be referred to your tax advisor or counsel.**

The manual may be amended and revised from time to time by the Division to take into account any applicable amendments or future federal laws, treasury regulations, rulings and case decisions which may affect the contents of this manual. All relevant program changes and/or revisions will be posted on our web site (www.nvhousing.state.nv.us) as they occur. The Division recommends that project sponsor's and management refer to our web site on an ongoing basis for updated information. This site is our source of information delivery.

BACKGROUND

Under the provisions of the Tax Reform Act of 1986, the Low Income Housing Tax Credit Program was created to encourage the development of affordable rental housing for low-income households. Section 42 of the Code permits taxpayers to claim tax credits on their federal income tax returns for certain expenditures for low income housing units placed in service after December 31, 1986.

Through legislative mandate, NRS 319.145, the Division was designated as the administrator of the Low Income Housing Tax Credit Program for the State of Nevada, pursuant to Section 42 of the Code.

SPECIAL NOTE

Although Division staff is available to answer questions you may have and to provide assistance concerning the LIHTC Program, **it is strongly recommended that because of the complexities associated with Section 42 of the Code, you consult with your tax advisor or counsel regarding any questions you may have on specific interpretations of Section 42 of the Code and the corresponding Treasury Regulations.**

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