

Community Revitalization Enhancement District Tax Credit

A benefit of the Community Revitalization and Enhancement District (CRED) is a 25% tax credit on state and local tax liability for qualified investments in the district. This credit is described in state law at IC 6-3.1-19. A qualified investment means expenditures for redevelopment or rehabilitation of property located within a CRED, expenditures made under a CRED Commission adopted plan, or expenditures pre-approved by the Indiana Department of Commerce. State and local tax liability means a taxpayer's total tax liability incurred under the adjusted gross income tax, county adjusted gross income tax, county option income tax, county economic development income tax, the financial institutions tax, or the insurance premiums tax.

A taxpayer may assign any part of the tax credit to a lessee of property who has made a qualified investment. The assignment of the credit to a lessee must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made. If a corporation, exempt from the adjusted gross income tax; a partnership; a limited liability company; or a limited liability partnership is entitled to a tax credit but does not have state and local tax liability against which the tax credit may be applied, a shareholder, partner, or member of the business entity is entitled to the tax credit with certain restrictions.

If the amount of the tax credit for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the immediately following taxable years. A taxpayer is not entitled to a carryback or refund of any unused credit.

A taxpayer is not entitled to claim the CRED tax credit if the taxpayer substantially reduces or ceases its operations in Indiana in order to relocate them within the CRED, with exceptions. A taxpayer's substantial reduction or cessation of operations in Indiana in order to relocate operations to a district does not make a taxpayer ineligible for a credit if: 1) the taxpayer had existing operations in the district; and 2) the operations relocated to the district are an expansion of the taxpayer's operations in the district.