

# FRANZEN & FRANZEN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### November 5, 2014 – New College Access Credit

A new California personal and corporate tax credit is available for the 2014 through 2016 tax years for contributions made to the College Access Tax Credit Fund.

The credit will be available to taxpayers who make cash contributions to the fund and who receive a credit certification and allocation from the California Educational Facilities Authority (CEFA) in the State Treasurer's Office. The fund will be used to bolster the dwindling resources used to provide Cal Grants to low-income college students.

Taxpayers may claim credits in the following amounts:

- 60% of the amount contributed that is certified and allocated for the 2014 taxable year;
- 55% of the amount contributed that is certified and allocated for the 2015 taxable year; and
- 50% of the amount contributed that is certified and allocated for the 2016 taxable year.

Taxpayers who claim the credit are eligible to claim a charitable contribution deduction for the amount donated on their federal return but are prohibited from claiming a similar deduction on their state tax return.

The credit may not be used to reduce regular tax below the tentative minimum tax or the alternative minimum tax. Unused credits can be carried over for six years.

The total amount that may be certified and allocated annually is \$500 million for all taxpayers, plus the amount of any previously uncertified or unallocated amounts from prior years.

CEFA is currently in the process of drafting regulations and procedures. Questions that will hopefully be addressed include whether taxpayers can receive certification prior to making the contribution or whether they must make the contribution first. Beginning November 3, 2014, applications will be available on CEFA's website ([www.treasurer.ca.gov/cefa](http://www.treasurer.ca.gov/cefa)).

If you would like more information, please feel free to contact our office.