



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

**GUIDELINES FOR THE SALE/ASSIGNMENT OF REAP TAX CREDITS**

**Introduction**

Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Program. REAP allows farmers and businesses to earn tax credits in exchange for implementing “Best Management Practices” (BMPs) on agricultural operations that will enhance farm production and protect natural resources. Eligible REAP projects are approved by the State Conservation Commission (Commission). REAP tax credits are granted by the Pennsylvania Department of Revenue. REAP permits other Pennsylvania taxpayers to purchase and utilize REAP tax credits for many of their Pennsylvania state tax obligations.

**Use or Sale/Assignment of a REAP Tax Credit**

A tax credit granted in accordance with the REAP Program guidelines must first be applied against the applicant’s own tax liability for the taxable year during which the tax credit is granted. REAP tax credits may be used by the REAP applicant 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 applicant’s current year tax liability is less than the amount of the tax credit, the applicant 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 at some point during those years.
2. One year from the date the credit is granted by the Department of Revenue, apply to the State Conservation Commission for approval for the sale, including the assignment of all or a portion of the approved unused tax credit, to an identified purchaser or assignee.

The application form to apply to the Commission to sell/assign a REAP tax credit is included in these guidelines as Appendix 1.

If a REAP applicant has a tax liability for the tax year in which the REAP tax credit is granted, that REAP tax credit must be used against that current year 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 applicant submits an application to the Commission to sell or assign all or a portion of the REAP tax credit, the applicant may no longer use that tax credit 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 REAP applicant.

Prior to the approval of a sale or assignment of a REAP tax credit, the Department of Revenue must determine that the seller 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.

Also, if the REAP applicant is married, the personal tax return on file with the PA Department of Revenue, must be filed as ‘married filing separate’ for the tax year in which the REAP tax credits were issued. If the personal tax return for the year in which the credits were issued was filed as ‘married filing jointly’ an amended return must be filed prior to the sale of the REAP credits.

## **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 REAP applicant. A separate application must be submitted by the REAP applicant 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 in this year 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.

***The requirements for the sale/assignment of a REAP tax credit include the filing of a Pennsylvania tax return for the tax period in which the credit was granted, and the seller holding the credit for one year from the date the credit was granted.***

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 open 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.

## **Application/Approval Process**

Prospective REAP applicants wishing to apply for the sale or assignment of REAP tax credits must submit an application in hard copy, via postal mail, on the form included in these guidelines (Appendix 1). Completed applications, including all required original signatures and a copy of the Tax Credit Certificate issued by the PA Department of Revenue, are to be 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 and 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 or 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 specific questions regarding these guidelines or application, contact Joel Semke, State Conservation Commission at 717-705-4032, or via email at [jsemke@pa.gov](mailto: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 **Corporation Tax Bulletin 2008-02**, at [http://www.revenue.state.pa.us/revenue/lib/revenue/ct\\_2008\\_02.pdf](http://www.revenue.state.pa.us/revenue/lib/revenue/ct_2008_02.pdf)



Date Rec'd By SCC:  
(To be completed by SCC)

**SALE/ASSIGNMENT APPLICATION  
RESOURCE ENHANCEMENT AND PROTECTION (REAP) TAX CREDITS**

*(TYPE OR NEATLY PRINT)*

Use separate applications for each REAP Tax Credit granted (i.e., multiple , separate credits issued for several BMPs, credits issued on different dates, or a single credit to be sold/assigned to multiple purchasers or assignees)

**SELLER Information**

<b>Applicant Name:</b>	<b>REAP ID Number:</b>
<b>Address:</b>	
<b>Phone Number:</b>	
<b>Taxpayer Identification Number</b> (SSN, EIN, or Corporate Account Number on Credit Certificate):	<b>ONLY for applicants who applied as a Cooperation: PA Account ID (Box Number):</b>

*Use the name and address on record with the PA Department of Revenue, unless that on-file information has been changed and is no longer valid. Approval or rejection notification will be mailed to the address listed above.*

	Date of Grant of REAP Tax Credit:	____/____/20__
1.	Total Amount of Original REAP Tax Credit granted. <b>Attach a copy of the REAP Credit certificate from the Department of Revenue.</b>	\$
2.	Total amount of REAP tax credit applied to the tax year in which the credits were granted	\$
3.	Total amount of REAP credits applied to subsequent years taxes	\$
4.	Total amount of REAP credit to carry forward to subsequent years (no more than 15 taxable years)	\$
5.	Total amount of REAP credit to pass through to shareholders, members or partners	\$
6.	Net available REAP credit (amount eligible for sale one year from date show above)	\$
7.	Total amount of REAP credit to be sold/assigned on this application	\$

To confirm the amount of credit available for sale, contact the Bureau of Corporation Taxes Accounting Division at (717)705-6225. Questions regarding Department of Revenue procedures should be directed to (717)-772-3896.

*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.*

**Applicant Signature:** The signature above should be the same person that was named on the REAP credit certificate.

**Date:**

**Printed Name:**

**Printed Title of Affiliation to a Business** (if applicable):  
(Indicate in what capacity you are signing – “Applicant”, “President”, “Partner,” etc.)

### Purchaser/Assignee Information

**Name:**

**Address:**

**Phone Number:**

**Taxpayer Identification Number** (SSN, EIN, or Corporate Account Number):

**ONLY for Cooperation: PA Account ID (Box Number):**

**Sales price of credit sold, or dollar value of goods or services received, to complete this sale or assignment:**  
\$

*Use the name and address on record with the PA Department of Revenue, unless that on-file information has been changed and is no longer valid. Approval or rejection notification will be mailed to the address listed above.*

**Signature of Purchaser/Assignee:**

**Date:**

**Printed Name:**

**Printed Title of Affiliation to a Business** (if applicable):  
(Indicate in what capacity you are signing – “President”, “Partner,” Name of Business)

**Information on the REAP Tax Credit Sale/Assignment:**

If the services of any agent, broker or facilitator(s) were used, please list below:

Name:

Address:

Telephone Number:

What, if any, fee or commission was, or is, being paid to each agent, broker or facilitator listed above?