



VIRGINIA LAND PRESERVATION TAX CREDITS



Virginia conservation easement donors may use Land Preservation Tax Credits to offset their tax burden or sell them for income.

- Worth up to 40% of the easement value
- Up to \$50,000 may be used each taxable year
- Any portion not used in the donation year can be carried forward over the next 10 years
- Any unused portion may be transferred to another Virginia taxpayer
- Any unused portion may be sold for income
- Available *in addition to* any federal and state income tax deductions, generating substantial tax savings
- Income from the sale of tax credits held for more than one year prior to the sale may receive more favorable long-term capital gains treatment
- Tax credits are limited to \$75 million per calendar year.
- Conservation easement donation must be in perpetuity
- Consult with a qualified attorney and/or financial advisor for more information



Frequently Asked Questions

How do I sell credits?

Individuals and organizations can buy and sell tax credits directly with each other, or they may work through a broker. A taxpayer who transfers any amount of credit must file a notification to the Department of Taxation in as prescribed by the Tax Commissioner.

How much can I sell credits for?

The value of tax credits will depend on the market (the higher the demand, the higher the value). In recent years, easement donors have sold tax credits for \$0.80-\$0.90 for every \$1 of tax credit value. Remember, you will also likely have to pay federal tax on the sale of credits and a broker fee. Contact your legal/accounting professional or a tax credit broker for more information.

Can I sell tax credits if I do not pay income tax in Virginia?

Yes, you can sell your credits if you are subject to any state or local taxation in Virginia. The Virginia Attorney General stated, "any person, corporation, partnership, organization, trust or estate subject to state or local taxation may hold and transfer the land conservation tax credit."

Am I limited with selling credits?

Sellers are limited only by the amount of credits they have to sell (40% of the value of the easement minus any credits they use themselves).

What happens when the \$75 million statewide cap has been met?

Credits are issued on a first-come first-served basis. If the \$75 million cap is reached, additional applicants will be rolled over into the next year.



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How have landowners used their land preservation tax credits?

- Used credits to offset their own tax burden
- Sold unused credits and:
 - Purchased more land
 - Paid part of mortgage
 - Used money to manage the property for wildlife or agriculture
 - Paid for children's college tuition
 - Put money into savings
 - Put money towards retirement

