

(6) *Procedures*—(i) *Taxpayer*. * * *
The taxpayer must retain a copy of the binding agreement and the election statement.

(ii) *Agency*. The Agency must retain the original of the binding agreement and election statement and, to the extent required by Schedule A (Form 8610), “Carryover Allocation of Low-Income Housing Credit,” account for the binding agreement and election statement on that schedule.

(7) * * *

Example 1. * * *

(i) * * * Because allocations were made for the building in two separate calendar years, Agency must issue two Forms 8609, “Low-Income Housing Credit Allocation Certification,” to X. * * *

(iv) Agency retains the original of the binding agreement, election statement, and 2003 carryover allocation document. Agency accounts for the binding agreement, election statement, and 2003 carryover allocation on the Schedule A (Form 8610) that it files for the 2003 calendar year. After the building is placed in service in 2004, and assuming other necessary requirements for issuing a Form 8609 are met (for example, taxpayer has certified all sources and uses of funds and development costs for the building under § 1.42–17), Agency issues to X a copy of the Form 8609 reflecting the 2003 carryover allocation of \$100,000. Agency accounts for the Form 8609 on the first Form 8610 that it files following the date the Form 8609 is issued to X. Agency also issues to X a copy of the Form 8609 reflecting the \$50,000 allocation made in 2004 and accounts for the 2004 allocation on the Form 8610, “Annual Low-Income Housing Credit Agencies Report,” that it files for the 2004 calendar year. Agency retains copies of the Forms 8609 that are issued to X.

Example 2. * * *

(iv) Agency retains the original of the binding agreements, election statements, and carryover allocation documents. Agency accounts for the binding agreement, election statement, and 2003 carryover allocation on the Schedule A (Form 8610) that it files for the 2003 calendar year. Agency also accounts for the binding agreement, election statement, and 2004 carryover allocation on the Schedule A (Form 8610) that it files for the 2004 calendar year. After each separate new building is placed in service, and assuming other necessary requirements for issuing a Form 8609 are met (for example, taxpayer has certified all sources and uses of funds and development costs for the building under § 1.42–17), the Agency will issue to X a copy of the Form 8609 reflecting the 2003 carryover allocation of \$70,000 and a copy of the Form 8609 reflecting the 2004 carryover allocation of \$50,000, respectively. Agency accounts for each Form 8609 on the Form 8610 that reflects the calendar year each Form 8609 is issued. Agency retains copies of the Forms 8609 that are issued to X.

(b) * * *

(4) * * *

(ii) *Agency*. The Agency must retain the original of the election statement and a copy of the Form 8609 that reflects the election statement. The Agency must file an additional copy of the Form 8609 with the Agency’s Form 8610 that reflects the calendar year the Form 8609 is issued.

Par. 4. Section 1.42–12 is amended by revising paragraph (a) to read as follows:

§ 1.42–12 Effective dates and transitional rules.

(a) *Effective dates*—(1) *In general*. Except as provided in paragraphs (a)(2) and (a)(3) of this section, the rules set forth in §§ 1.42–6 and 1.42–8 through 1.42–12 are effective May 2, 1994. However, binding agreements, election statements, and carryover allocation documents entered into before May 2, 1994, that follow the guidance set forth in Notice 89–1, 1989–1 C.B. 620 (see § 601.601(d)(2)(ii)(b) of this chapter) need not be changed to conform to the rules set forth in §§ 1.42–6 and 1.42–8 through 1.42–12.

(2) *Community Renewal Tax Relief Act of 2000*—*In general*. Paragraphs (a), (b)(4)(iii) Example 1 and Example 2, (c), (d)(2)(viii), and (e)(2) of § 1.42–6 are effective for housing credit dollar amounts allocated after the date these regulations are published as final regulations in the **Federal Register**. However, the rules in paragraphs (a), (b)(4)(iii) Example 1 and Example 2, (c), (d)(2)(viii), and (e)(2) of § 1.42–6 may be applied by Agencies and taxpayers for housing credit dollar amounts allocated after December 31, 2000, and on or before the date these regulations are published as final regulations in the **Federal Register**. Otherwise, subject to the applicable effective dates of the corresponding statutory provisions, the rules that apply for housing credit dollar amounts allocated on or before the date these regulations are published as final regulations in the **Federal Register** are contained in § 1.42–6 in effect on and before these regulations are published as final regulations in the **Federal Register** (see 26 CFR part 1 revised as of April 1, 2003).

(3) *Electronic filing simplification changes*. Section 1.42–6(d)(4) and § 1.42–8(a)(6)(i), (a)(6)(ii), (a)(7) Example 1 and Example 2, (b)(4)(i), and (b)(4)(ii) are effective for forms filed after the date these regulations are published as final regulations in the **Federal Register**. The rules that apply for forms filed on or before the date these regulations are published as final regulations in the **Federal Register** are contained in § 1.42–6 and 1.42–8 in effect on and before these regulations

are published as final regulations in the **Federal Register** (see 26 CFR part 1 revised as of April 1, 2003).

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Par. 5. Section 1.42–14 is amended by:

1. Revising the section heading and paragraph (a).
 2. Removing paragraph (c).
 3. Redesignating paragraph (b) as paragraph (c).
 4. Adding a new paragraph (b).
 5. Adding a new sentence at the end of paragraph (d)(2)(iv)(A).
 6. Removing the second to the last sentence of paragraph (e).
 7. Revising paragraph (g).
 8. Revising paragraph (i)(2).
 9. Revising paragraph (k).
 10. Revising paragraph (l).
- The revisions and addition read as follows:

§ 1.42–14. Allocation rules for post-2000 State housing credit ceiling amount.

(a) *State housing credit ceiling*—(1) *In general*. The State housing credit ceiling for a State for any calendar year after 2000 is comprised of four components. The four components are—

- (i) The unused State housing credit ceiling, if any, of the State for the preceding calendar year (the unused carryforward component);
- (ii) The greater of—
 - (A) \$1.75 (\$1.50 for calendar year 2001) multiplied by the State population, or
 - (B) \$2,000,000 (the population component);
- (iii) The amount of State housing credit ceiling returned in the calendar year (the returned credit component); plus
- (iv) The amount, if any, allocated to the State by the Secretary under section 42(h)(3)(D) from a national pool of unused credit (the national pool component).

(2) *Cost of Living Adjustment*—(i) *General rule*. For any calendar year after 2002, the \$2,000,000 and \$1.75 amounts in paragraph (a)(1)(ii) of this section are each increased by an amount equal to—

- (A) The dollar amount, multiplied by
- (B) The cost-of-living adjustment determined under section 1(f)(3) for the calendar year by substituting “calendar year 2001” for “calendar year 1992” in section 1(f)(3)(B).

(ii) *Rounding*. Any increase resulting from the application of paragraph (a)(2)(i) of this section which, in the case of the \$2,000,000 amount, is not a multiple of \$5,000, is rounded to the next lowest multiple of \$5,000, and which, in the case of the \$1.75 amount, is not a multiple of 5 cents, is rounded to the next lowest multiple of 5 cents.