



## Requirements for Conservation Easement Transferee and Transferor Tax Credit Certificates

HB21-1233 took effect on June 30, 2021, and included the following requirements for the Division of Conservation:

- Develop a system to track the transfers of conservation easement tax credits;
- Verify the ownership and amount of such transferred tax credits; and
- Issue a new tax credit certificate to the transferee and, if any amount is retained, to the transferor.

As a result, a new process has been established for the tracking and verification of transferred conservation easement tax credits. This process only applies to credits for which a tax credit certificate was first issued for use on or after January 1, 2021. For transfers of credits with a certificate first issued for use before that date, please see the Department of Revenue section of this document.

### Purpose

The purpose of this guidance is to provide a **general overview** of the new process for verifying and claiming a transferred conservation easement tax credit with the Division of Conservation and the Department of Revenue.

**This information is provided for educational or informational purposes only. It is not intended to be a substitute for professional advice, whether tax, financial, or legal. It is important that taxpayers consult their own advisors.**

### Division of Conservation

The Division of Conservation will track transfers of conservation easement tax credits for which a tax credit certificate was first issued for use on or after January 1, 2021. Transferors and transferees must jointly complete the Conservation Easement Tax Credit Transfer Filing online application within 30 days after the date of the transfer.

The following documents are needed to complete the online application:

- Original Tax Credit Certificate issued by the Division of Conservation;
- PDF copy of DR 1305F, Gross Conservation Easement Credit Pass-Through Schedule (if the transferor is a member of a pass-through entity donor);
- PDF copies of DR 1305G, Gross Conservation Easement Credit Use Schedule, for each tax year leading up to the transfer to show a history of the credit; and
- PDF copy of the signed, written transfer agreement (contract) between the transferor and transferee.

Upon verification of the ownership and amount of the tax credit, the Division of Conservation will issue a new tax credit certificate to the transferee and, if any amount is retained, to the donor.

## Department of Revenue

The Department of Revenue will continue to track transfers of conservation easement tax credits for which a tax credit certificate was first issued for use before January 1, 2021. Transferors must file form DR 1305E, Gross Conservation Easement Credit Transfer Schedule, and all other required credit documents with their income tax return.

As noted above, the Division of Conservation will track and verify transfers of credits for which a certificate was first issued for use on or after January 1, 2021. However, taxpayers are required to include the following documents with their income tax return:

- The new Transferee Tax Credit Certificate or Transferor Tax Credit Certificate issued by the Division of Conservation;
- DR 1305, Gross Conservation Easement Donor Schedule, if the taxpayer is a donor or donor member with a new credit and/or a federal deduction addback;
- DR 1305E, Gross Conservation Easement Credit Transfer Schedule, if the taxpayer is a transferor, for informational purposes;
- DR 1305F, Gross Conservation Easement Credit Pass-Through Schedule, if the taxpayer is a pass-through entity transferor or transferee, to report any credit passed through to its partners, shareholders, or members; and
- DR 1305G, Conservation Easement Credit Use Schedule, to report the use or carry-forward of all credit owned.

While the Department of Revenue will generally rely on certification by the Division of Conservation with respect to the ownership and amount of a tax credit, the Department of Revenue otherwise retains the authority to review and adjust the claim or use of a tax credit.

## More Information

For more information, please visit the websites for the Division of Conservation and the Department of Revenue.



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