

AN ALERT FROM THE BDO STATE AND LOCAL TAX PRACTICE

# BDO KNOWS:

## SALT



### SUBJECT

## BDO ANNOUNCES ITS MEMBERSHIP IN THE ONLINE INCENTIVES EXCHANGE - AN ONLINE MARKETPLACE FOR TRADING FEDERAL AND STATE TAX CREDITS

### SUMMARY

BDO is now a member of the Online Incentives Exchange (“OIX”) - an online marketplace for buying, selling, and processing transferrable federal and state tax credits. Through its OIX membership, BDO is better able to match buyers and sellers of tax credits, streamline the transfer process, and minimize pricing uncertainty.

### DETAILS

Federal and state governments offer tax credits to stimulate economic activity in a particular location or industry. Some of these tax credits may be sold by a taxpayer that may not be able to fully utilize them to another taxpayer who can. The transfer of tax credits often results in a win-win situation for both parties in a transfer transaction. This is because the seller is able to monetize tax credits it may not otherwise be able to use, and the buyer is able to purchase these credits at a discount and then take a dollar-for-dollar credit against a tax liability.

Oftentimes, however, matching buyers and sellers of tax credits is difficult, the transfer process time-consuming, and determining the best price at which to buy or sell tax credits is unclear. Through its membership in the OIX, BDO has access to: (i) a secure, cloud-based online marketplace for buying, selling, and processing transferrable tax credits; (ii) real-time market data and analytics; and (iii) detailed information and diligence on individual credits. This allows BDO to better match buyers and sellers of tax credits, streamline the transfer process, and minimize the pricing uncertainty that is often associated with the transfer of tax credits.

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## BDO INSIGHTS

- ▶ In connection with the purchase or sale of tax credits, BDO can assist buyers to identify current and future tax liabilities in jurisdictions where credits can be transferred and utilized, as well as consult on the risks and benefits of purchasing tax credits. BDO can assist sellers with the evaluation of credits currently available for use, and identify which credits are transferrable. For buyers and sellers, BDO can help identify possible tax structuring or compliance opportunities that may reduce current or future tax liabilities in order to maximize the use of tax credits.
- ▶ BDO has substantial experience assisting clients with federal and state tax credit transfers. Should you have any questions, or if you would like to discuss the sale or purchase of federal or state tax credits, please contact Tanya Erbe, National Credits and Incentives Leader, at (310) 203-1259 or [terbe@bdo.com](mailto:terbe@bdo.com), or Janet Bernier, Tax Principal, at (212) 515-5405 or [jbernier@bdo.com](mailto:jbernier@bdo.com).

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