



Tax Information Publication

TIP

No: 22ADM-04

Date Issued:
May 11, 2022

New Worlds Reading Initiative Tax Credit and Strong Families Tax Credit 2022 Legislative Changes

Corporate Income/Franchise Tax:

Taxpayers with corporate income/franchise taxable years beginning on or after January 1, 2021, may apply to the Florida Department of Revenue (Department) for an allocation of the tax credits available for state fiscal year 2021-2022. The application must be filed by the day before the due date of the *Florida Corporate Income/Franchise Tax Return* (Form F-1120), or if extended, the day before the extended due date. The Department will send notification of approval or denial of the request for an allocation of the tax credits.

To earn a tax credit, corporations must contribute to the administrator of the New Worlds Reading Initiative program or the eligible charitable organization for the Strong Families Tax Credit program by the due date of the tax return or, if validly extended, the extended due date of the tax return, and receive a certificate of contribution.

For estimated tax purposes, the contribution to earn the tax credit reduces the amount of tax that must be paid to meet the prior year exception. The consequences provided in sections 220.1876(4) and 220.1877(4), Florida Statutes, for requesting an allocation of the tax credit after applying for an extension of the due date of the tax return do not apply to the tax credits allowed against taxable years beginning January 1, 2021, through taxable years beginning March 1, 2021.

For the 2021 taxable year, the tax credits are to be reported on Schedule V, Line 18 (Other credits) of Form F-1120. The related additions are to be included on Schedule I, Line 22 (Other additions), when the addition is not included in Line 2 on the front page of the return. Include a copy of your certificate of contribution when you file your tax return.

Insurance Premium Tax:

Insurers who requested an allocation of New Worlds Reading Initiative Tax Credit or Strong Families Tax Credit for their 2021 insurance premium tax return on or before the May 1, 2022, must make their contributions within 14 days of receipt of the allocation letter from the Department or June 1, 2022, whichever is later.

Within 14 days of receipt of the certificate of contribution, the insurer must file an amended *Insurance Premium Taxes and Fees Return for Calendar Year 2021* (Form DR-908) and attach a copy of the certificate of contribution to the tax return.

The tax credits are to be included on Schedule V, Line 13 with the amount of any available Florida Tax Credit Scholarship Program Credit, subject to the limitations provided in Line 13. The amount allowed on Schedule V, Line 13 is reported on Schedule III, Line 9 and on Schedule XIV, Line 12, Column A. The requested amount of refund is reported on Line 17, Overpayment to be Refunded, on page two of the amended tax return.

When the amount of tax credit reported on Schedule V, Line 13 is less than the full amount of the available tax credit, the unused amount may be carried forward for a period not to exceed ten years.

The Department is prohibited from issuing tax refunds to insurers for New Worlds Reading Initiative or Strong Families program tax credits reported on an amended Form DR-908 after June 30, 2023.

How to Apply:

The fastest and easiest way to apply for a tax credit allocation is by visiting the Department's multi-tax credit webpage at floridarevenue.com/taxes/multitaxcredits. Here you can select the tax credit program you wish to participate in and review information about each of the two tax credits and how they apply against the taxes listed above. You can also visit the online application, which allows you to:

- Create a secure, online account
- Complete and submit your application and receive a confirmation number with the date and time of submission
- View the status of your application(s) from your account dashboard
- Complete and submit the tax credit application

Taxpayers required to file and pay electronically must apply online. Taxpayers not obligated to file and pay electronically may apply by submitting the paper *The New Worlds Reading Initiative – Application for Tax Credit Allocation for Contributions to the Administrator* (Form DR-336000) or *Strong Families Tax Credit – Application for Tax Credit Allocation for Contributions to Eligible Charitable Organizations* (Form DR-226000).

Additional Program Information:

For more information about these tax credits and how they apply to each of the taxes, visit the Department's website at floridarevenue.com/taxes/multitaxcredits.

The administrator of the New Worlds Reading Initiative program is designated by the Florida Department of Education and identified on their website at www.fldoe.org/schools/school-choice/k-12-scholarship-programs/sfo/.

The eligible charitable organization(s) for the Strong Families Tax Credit program are designated by the Florida Department of Children and Families and identified on their website at www.myflfamilies.com/general-information/strong-family-tax-credit/.

Annual Tax Credit Cap Increases:

The Strong Families Tax Credit program annual tax credit cap is increased to \$10 million for the 2022-2023 state fiscal year and thereafter.

The New Worlds Reading Initiative program annual tax credit cap is increased to \$60 million for the 2023-2024 state fiscal year and thereafter.

References for New Worlds Reading Initiative: Sections 220.1876, 624.51056, and 1003.485, Florida Statutes; sections 30, 35, 37, and 39-42, Chapter 2022-97, Laws of Florida; Emergency Rules 12ER21-19 and 12ER21-20, Florida Administrative Code.

References for Strong Families Tax Credit: Sections 220.1877, 402.62, and 624.51057, Florida Statutes; sections 31, 33, 36, and 39-42, Chapter 2022-97, Laws of Florida; Emergency Rules 12ER21-17 and 12ER21-18, Florida Administrative Code.

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department's website at floridarevenue.com or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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