Client Qualification Checklist for Transferable Tax Credit Purchases

Use this one-page screen before you spend time on diligence.

#	Question	Where to look
1	☐ Entity: C corporation, closely held C corporation, personal service corporation, individual or trust, or owner of a pass-through?	IRS Transferability FAQ Q15; IRC §469(j)
2	☐ Forecast federal income tax for the year (regular tax and any §55 tax).	IRC §38(c)(1)
3	☐ Compute the §38(c) ceiling and subtract credits already earned (research and others).	Form 3800 instructions
4	☐ If passive rules apply: net passive income and the tax attributable to it. Exclude wages, portfolio income and investment gains.	IRC §469(d)(2), (e)(1); Form 8582-CR / Form 8810
5	☐ Material participation reviewed for each activity.	Temp. Reg. §1.469-5T
6	☐ Estimated tax dates; will the benefit be taken in an installment?	IRC §6655 / §6654; IRS FAQ Q12
7	☐ Client understands the cash price is not deductible and the discount is not gross income.	IRC §6418(b); Reg. §1.6418-2(e), (f)(2)
8	☐ Buyer is unrelated to the seller; payment is cash only.	IRS FAQ Q4 and Q5
9	☐ Registration number received for each credit property; valid for the tax year.	Form 3800 instructions; Reg. §1.6418-4
10	☐ Credit calculation, placed-in-service and qualification evidence reviewed.	Credit-specific form; Reg. §1.6418-2
11	☐ Recapture window, notification clause, indemnity and insurance terms reviewed.	IRC §50(a); Reg. §1.6418-5(d)
12	☐ Excessive credit transfer exposure (20% addition) discussed.	IRC §6418(g)(2)
13	☐ Transfer election statement and return timing planned for both parties.	IRC §6418(d), (e)(1); IRS FAQ Q6
14	☐ Accounting treatment agreed with auditors (ASC 740).	Deloitte DART; PwC Viewpoint
15	☐ Referral compensation, if any, disclosed in writing and compliant with state board and AICPA rules.	Your state board; AICPA Code

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