

Cranberry Bog Renovation Tax Credit Program

Frequently Asked Questions

Last updated 7/28/2022

2020 and 2021 Applications are due by August 10, 2022

- 1) If a grower received an MDAR Grant for a qualified renovation, do they subtract the amount of the grant payment from the application for the Tax Credit?
 - a. Yes, the grant payment must be subtracted from the total of Qualified Renovation Expenditures. They need to show how and where that grant amount has been subtracted, and equivalently subtracted from the renovation expenditure total. Also, if there were NRCS, FSA or other grants provided to the operation, directly towards the renovations, those must be subtracted too. The best place to demonstrate all of the above transactions is in the budget. Show the costs there, show the grant funds and any of the funds used as a match, and then do the deductions to show the cost to the operation that were not acquired or used from outside funding programs.
- 2) A grower built a pump house to support a renovation project. The pump house will solely serve the 2 new sections of bogs. Can a pump house cost be included as part of the renovation expense?
 - a. No. Because the Legislature specifically emphasized that no facilities or structures associated with the “processing” of cranberries can be covered, we don’t see a place for any structures under this tax credit. A pump house, with a roof and walls and potentially of various and greater sizes, can end up raising more questions about other uses available inside the structure or potentially supplying water for processing. The pumps, pipes, valves and control equipment count, but not the roof and walls.
- 3) Can a grower get the tax credit for the cost incurred when building a new bog?
 - a. The scenario for getting the tax credit for new construction is limited. The regulations define “Qualified Renovation” work as the renovation, repair, replacement, regrading or restoration of a Cranberry Bog for the cultivation, harvesting or production of cranberries or any other activity or action associated with the renovation of an abandoned Cranberry Bog. So, you may replace existing acreage with new acreage and be eligible for the tax credit. But you need to include sufficient documentation showing that equivalent, existing acreage is being taken out of production on a permanent basis.
- 4) The online application requires that I print it and then fill out by hand. Is there a “fillable” application available?
 - a. Yes, as of June 24, 2022, we have replaced both the 2020 and 2021 applications with a fillable version for your use.
- 5) In-kind services and materials, can they be considered Qualified Renovation Expenditures?

- a. No. Qualified Renovation Expenses are incurred as a result of an arms-length commercial transaction memorialized by a written receipt or invoice, and not by the provision of labor or other in-kind goods or services performed or provided by the Applicant or any Related Entity.
- 6) Are there anymore information webinars coming up before the August 10, 2022 application due date?
 - a. Yes. We have one scheduled for Wednesday, August 3, 2022 at 4:00 pm. This will be just an update webinar with most of the time spent on Q&A. To register and get the link, please contact the growers association or email the program coordinator.
- 7) For expense documentation, what do I need to provide?
 - a. The Commonwealth of Massachusetts is providing a refundable tax credit directly to you or your business. To fully and properly document that credit, we require a good and complete invoice of the expense from the vendor. We also require a good and complete proof of payment which coincides with that invoice.
- 8) What if I submit my application on August 10, 2022, and when you review it 3 days later you find something is missing. Am I disqualified because the application date has passed?
 - a. No, get the application in by August 10, 2022. We will then be reviewing them all and notifying each applicant if something is missing. You must then make a good faith effort to get in the remaining information within the specified time period we provide you.
- 9) Question – “For expenses and when they occurred relative to when to apply for the tax credits. Because rebuilding a bog takes many months, the expenses span across 2 tax years. Recognizing that a grower can only claim that expense once, they need to capture all of the expenses for the renovation in order to have the credit financially worthwhile. For example, if a grower started a renovation in November 2019 but didn’t finish the project until June 2020, they would want to total all the expenses during that time period when they apply for the 2020 tax year. Some growers think they are not allowed to do that and can only use qualified expenses occurring after January 1, 2020.” **There are two answers to this question**, one for calendar 2020, 2021 and 2022 tax credit applications, and one for calendar 2023 and beyond.
 - a. Calendar 2020, 2021 and 2022 applications (retroactive processes)
 - i. First, and very important, the tax credit legislation authorized tax credits for incurred services and expenses that started after January 1, 2020. The costs of any services or materials incurred prior to that date are not eligible for a tax credit – period. So, for projects that started in the fall of 2019 and ended by December 31, 2020, only the services and materials that were done or incurred costs after January 1, 2020, can be claimed for the tax credit.

- ii. Growers should submit one Cranberry Bog Tax Credit (CBTC) application for bog renovation work done during one calendar year. That means that one application may need to include two different projects. It also means that one project may need to have two applications submitted - over two calendar years. The idea is that a 2020 CBTC will cover all the work the grower did in 2020, regardless of what project they are working on. Note: To try to keep it as easy as possible, a grower can “photocopy” the first application for a single project, make a few changes on it by hand, and use that as their application for the second calendar year of the same project.
- iii. In order to minimize burdensome paperwork, there can be small exceptions to this. So, you are welcome to contact the Program Manager and review your specific circumstances.

b. Calendar 2023 and beyond applications

- i. In the future and for more practical purposes, applications will be on a project basis. That means that 2023 applications will be for a project that may begin as early as October 1, 2022, and may not end until December 31, 2023. All of those months and expenses will receive a tax credit for calendar 2023. i.e. Expenses from October 1, 2022 will receive a 2023 tax credit.