DRAFT FORM — NOT FOR FILING

This draft form has been updated to include the most recent changes effective for Tax Year 2026 Virginia returns. If legislative changes or issues arise, we will post a new version of this draft form.

Please continue to monitor **tax.virginia.gov/early-release-forms** for future drafts of this form. Once forms are final, we will post them on our website at **tax.virginia.gov/forms**.

Virginia Form FCD-1

Food Donation Tax Credit Application

To be completed by Food Donor

Submit this form by February 1.

Tax Year ________

This credit must be approved before being claimed on your return. See the instructions for specific filing information for Forms FCD-1 and FCD-2.

Form FCD-1 — Food Donation Tax Credit Application must be completed by the Food Donor. Forms FCD-1 and FCD-2 must be submitted to the Department by February 1 of the year following the taxable year in which the donation was made.

Form FCD-2 — Food Donation Certification must be completed by the nonprofit food bank which received the donation. The nonprofit food bank must prepare and furnish the FCD-2 to the donor within 30 days of the date of the donation.

Section 1 – Taxpayer Information

Food Donor's Name		☐ FEIN ☐ SSN
Trading As / Business Name		Office Use Only
Street Address		
City, State, ZIP Code	Email Address	
Contact Name	Phone Number	Fax Number

Entity Type: (Check One) ☐ Individual ☐ Partnership ☐ Sole Proprietor ☐ LLC ☐ C Corporation ☐ S Corporation

☐ Other (explain) ____________________

Section 2 – Donation Information

Complete this table if you are claiming the Food Donation Tax Credit for food crop or wholesome food donations made to a nonprofit food bank. If claiming the credit on the basis of a wholesome food donation, write a brief description of the item in Column A.

Column A Type of Food Crop or Wholesome Food		Column B Weight (in pounds)	Column C Fair Market Value
Food Crops	Fruits		$ .00
	Grains		$ .00
	Nuts		$ .00
	Vegetables		$ .00
Wholesome Foods (include a description of the wholesome food item)			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
	TOTAL	lbs	$ .00

Food Donation Tax Credit Application

To be completed by Food Donor

Tax Year ________

Food Donor's Name	☐ FEIN ☐ SSN

Section 3 – Credit Calculation

1. Fair Market Value of Donated Food Crops or Wholesome Foods: **A)** If claiming the credit for donations made to only one nonprofit food bank, this equals the total of Section 2, Column D on Form FCD-2. **B)** If claiming the credit for donations made to more than one nonprofit food bank, this equals the total of the Fair Market Value in Section 2, Column C above. . . . . **1.**	**$ .00**
2. Eligible Credit Amount Computation: Multiply Line 1 by 50% (0.5). . . . . **2.**	**$ .00**
3. Total Credit Requested: Enter the lesser of Line 2 or $10,000. . . . . **3.**	**$ .00**

Section 4 – Declaration and Signature

I (we) the undersigned declare, under the penalties provided by law, that this form (including any accompanying schedules, statements, and enclosures) has been examined by me (us) and is, to the best of my (our) knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the income tax laws of the Commonwealth of Virginia. I have read and understand the limitations and restrictions of this credit.

Authorized Signature	Title	Date
Printed Name		Phone Number
Preparer Name	Preparer Email	Preparer Phone Number

Information for Food Donor

Both Forms FCD-1 and FCD-2 must be submitted to the Department in order to qualify for the credit. If donating to more than one qualifying nonprofit food bank, complete only one Form FCD-1 and provide a separate Form FCD-2 supplied by each organization to which food crops or wholesome foods have been donated. The aggregate credit amount on Form FCD-1, Section 3, Line 3 cannot equal more than $10,000 per taxable year. See the instructions for additional information.

Virginia Form FCD-2

Food Donation Certification

To be completed by Nonprofit Food Bank

Tax Year ________

Form FCD-1 — Food Donation Tax Credit Application must be completed by the Food Donor. This form must be submitted to the Department by February 1 of the year following the taxable year in which the donation was made.

Form FCD-2 — Food Donation Certification must be completed by the nonprofit food bank which received the donation. The nonprofit food bank must prepare and furnish the FCD-2 to the donor within 30 days of the date of the donation.

Section 1 – Nonprofit Food Bank Information

Name of Food Bank	FEIN
Name of Donors	☐ FEIN ☐ SSN

Section 2 – Donation Information (if additional space is needed, enclose a separate sheet)

Column A **Date of Donation**	**Column B** **Type of Food Donation** Enter one type of food crop (fruits, grains, nuts, vegetables) or wholesome food per line. If entering wholesome food donations, provide a brief description of the item.	**Column C** **Weight** (in pounds)	**Column D** **Fair Market Value** Approach used in determination: ☐ Federal –or– ☐ Average Price
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
			$ .00
	TOTAL	**lbs**	$ .00

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Section 3 – Declaration

By signing this declaration I certify that:

- the organization receiving donated food is an entity located in the Commonwealth that is exempt from taxation under IRC § 501(c)(3) and is organized with a principal purpose of providing food to the needy;
- the organization's use of the donated food will be related to providing food to the needy;
- the organization will not transfer donated food for use outside the Commonwealth or use such food as consideration for services performed or personal property purchased; and
- the organization, if it sells the donated food, will sell such food to the needy, other nonprofit food banks, or organizations that intend to use the donated food to provide food to the needy.

I have read and understand the limitations and restrictions of this credit.

Authorized Signature	Title	Date
Printed Name	Phone Number	Email Address

Virginia Food Donation Tax Credit Application and Certification Instructions for Forms FCD-1 and FCD-2

General Information

For taxable years beginning on or after January 1, 2023, but before January 1, 2028, any person engaged in the business of farming as defined under 26 C.F.R. § 1.175-3 who donates food crops grown or wholesome food produced by the person in the Commonwealth to a nonprofit food bank is allowed an income tax credit for the taxable year of the donation. The credit is equal to 50% of the fair market value of food crops or wholesome food donated by the person to a nonprofit food bank during the taxable year. The maximum credit allowed for all donations made by the person during the year is $10,000.

The total amount of tax credits available to all taxpayers for any fiscal year in the Commonwealth cannot exceed $250,000. If applications for this credit exceed the cap amount, the Department of Taxation will allocate the credits on a pro rata basis. Any credit amounts that exceed a taxpayer's liability can be carried forward for 5 years. Credits attributable to a partnership, S corporation, or LLC will be allocated to the individual partners, shareholders, or members in proportion to their ownership or interest in the business entity.

To the extent the Food Donation Tax Credit is allowed, an addition to federal adjusted gross income in the case of individuals, or to federal taxable income in the case of corporations, is required for any amount claimed as a federal income tax deduction for the donation. See the applicable Virginia income tax return instructions for more information.

Definitions

Food crops — grains, fruits, nuts, or vegetables.

Grown by the taxpayer — means that the donor was directly engaged in the growing of the food crop.

Nonprofit food bank — an entity located in the Commonwealth that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code, as amended or renumbered, and organized with a principal purpose of providing food to the needy.

Wholesome food — food that meets all quality standards imposed by federal, state, and local laws or regulations, including food that may not be readily marketable due to appearance, age, freshness, grade, surplus, or other condition.

Nonprofit Food Bank Requirements

Credit is allowed for food crops donated to a food bank only if:

- The use of the donated food crops or wholesome foods by the donee nonprofit food bank is related to providing food to the needy;
- The donated food crops or wholesome foods are not transferred for use outside the Commonwealth;
- The donated food crops or wholesome foods are not used by the donee nonprofit food bank as consideration for services performed or personal property purchased; and
- The donated food crops or wholesome foods, if sold by the donee nonprofit food bank, are sold to the needy, other nonprofit food banks, or organizations that intend to use the food crops or wholesome foods to provide food to the needy.

The nonprofit food bank must supply a completed Food Donation Certification (Form FCD-2) to the donor. The Form FCD-2 must be prepared and furnished by the nonprofit food bank to the donor within 30 days of the date of the donation.

Determining Fair Market Value

The nonprofit food bank is responsible for calculating the fair market value of the donated crops or wholesome foods and reporting it on the Form FCD-2. There are two ways to determine the fair market value of donated food crops or wholesome foods:

> **Federal Approach –** a determination based on a consideration of the facts and circumstances connected with the donated food crops or wholesome foods. This includes factors such as the desirability, use, and scarcity. Using this approach, the nonprofit food bank will determine the price which the donor would have received if the crops or wholesome foods were sold in the usual market at the time and place of the donation and in the quantity donated. The fair market value used to claim the Food Donation Tax Credit may not exceed the fair market value reported by the donor for the purposes of the federal charitable deduction before the reductions contained in IRC § 170(e).

If the federal approach is unduly burdensome, the nonprofit food bank may use the average price approach to determine the fair market value:

> **Average Price Approach –** a determination based on the average wholesale market price published by the U.S. Department of Agriculture Market News Service for the food crops or wholesome foods donated in the nearest regional market during the month in which the donation is made. The average wholesale market price must be determined without consideration of grade or quality of the food crop or wholesome food and as if the quantity of the donated food crop or wholesome food was marketable.

The nonprofit food bank may use the approach that is least burdensome in determining the fair market value.

When to Submit

All applicants must receive certification from the Department prior to claiming the credit. All applications for certification must be filed by February 1 of the year following the taxable year in which the donation was made. If the tax return upon which this credit will be claimed is due on or before April 15, you may need to either submit an extension payment for any tax due or file an amended return once you have received the credit certification. See Forms FCD-1, FCD-2, and accompanying instructions available on the Department's website, **www.tax.virginia.gov**. For assistance, call **(804) 786-2992**.

IMPORTANT: All businesses must be registered with the Virginia Department of Taxation prior to submitting Form FCD-1. To start the online registration process, visit **tax.virginia.gov/register**. If unable to register online, download and complete Virginia Tax Form R-1.

What to Enclose

To allow us to process this application, the applicant must provide the following:

- Form FCD-1 completed by the donor.
- Form FCD-2 completed by the recipient nonprofit food bank. If donations were made to more than one qualifying nonprofit food bank, a Form FCD-2 is required for each organization to which food crops or wholesome foods were donated.

If donating to more than one nonprofit food bank, the donor must submit only **one** Form FCD-1 and enclose Forms FCD-2 to the completed application.

NOTE: By providing an email address on the form, the taxpayer consents to allow emailed communications from the Virginia Department of Taxation related to this tax credit application. If the taxpayer does not wish to receive electronic communications, do not enter an email address in the spaces provided on the form.

What to Keep

You must retain timely and accurate records to prove that you are eligible for this tax credit for the amount claimed. For example, retain any records necessary to show how the nonprofit food bank determined the fair market value of any food crops or wholesome foods donated. Do not submit these records with your application. If you are ever audited, you will have support showing that you are eligible for this tax credit.

Where to Submit Application

Submit Forms FCD-1, FCD-2, and any enclosures to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or fax it to **(804) 774-3902**.

What to Expect from the Department

If the Department needs additional information, we will contact you by March 1 and you will have until March 15 to respond. If you have not received acknowledgment of your application by March 15, call **(804) 786-2992**. The Department will issue the credit by April 1. If you have not received your credit certification by April 15, call **(804) 786-2992**.

What Does the Taxpayer Need to Do?

Upon receiving notification of the allowable credit amount, taxpayers may claim the allowable credit amount on the applicable Virginia income tax return. Taxpayers who do not receive notification of allowable credit amounts before their Virginia income tax return due date may file during the extension period or file their regular return without the credit and then file an amended tax return after receipt of notification of the allowable credit amount. See the instructions of the applicable tax return for additional information about extension periods and amended returns.

To claim the tax credit, a corporation must file Schedule 500CR; an individual must file Schedule CR; and a pass-through entity must file Schedule 502ADJ.

Pass-Through Entities

Each pass-through entity must file **Form TCA** with the Department when allocating this credit to its participants. Form TCA should be filed within 30 days after the credit is granted, but at least 90 days prior to the participants filing their income tax returns. Failure to file Form TCA may result in the credit claim being disallowed and/or a delay in processing the participant's return. This information should be sent to: **Virginia Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **(804) 774-3902**. Do not do both.

Credit must be allocated among owners in proportion to each owner's percentage of ownership or participation in the pass-through entity. All pass-through entities distributing this credit to its participants, including owners, shareholders, partners, or members must give each participant a Schedule VK-1, Owner's Share of Income and Virginia Modifications and Credits.

Where To Get Help

Write to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715 or call (804) 786-2992**. Without a postmark, the date received by the Department will be used to determine if the application was received by February 1.