



This publication provides general information and is not meant to be a substitute for tax laws or regulations.

Schedule RBIC, Historic Rehabilitated Buildings - A credit of twenty-five percent (25%) of the qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service, United States Department of the Interior as “certified historic structures,” and further defined as a “qualified rehabilitated structure,” may be taken against West Virginia Personal Income Tax and West Virginia Corporation Net Income Tax. **This credit is for income producing properties.** Effective for tax years beginning on and after January 1, 2020, excess credit may not be carried back but may be carried forward for 10 years.

Prior to January 1, 2018, the credit amount was 10%. With this change, the credit authorized for qualified rehabilitation expenditures made after December 31, 2017 cannot be used to offset tax liabilities prior to the year January 1, 2020.

The statute requires that the building or area be located within West Virginia to be eligible for the credit, and rehabilitation expenditures must be reviewed and approved by the West Virginia Department of Culture and History in order to qualify for credit.

The expenses constituting the substantial rehabilitation must have occurred during any 24-month period chosen by the taxpayer ending with or within the taxable year. These expenses must be the greater of the adjusted basis of the building and its structural components, or \$5,000.00. However, a sixty-month alternate period for phased rehabilitation may be chosen if the rehabilitation may reasonably be expected to be completed in phases set forth in plans and specifications completed before the physical work on the rehabilitation begins. For example, if the rehabilitation consists of two or more distinct stages of development, the alternate period of sixty months may be justified.

Schedule RBIC-A, Residential Historic Rehabilitated Buildings - A credit equal to twenty percent (20%) of eligible rehabilitation expenses may be taken against West Virginia Personal Income Tax for qualified rehabilitation expenses in a residential certified historic structure **for non-income producing properties.** Excess credit may be carried forward for up to five (5) years.

The statute requires that the building or area be located within West Virginia to be eligible for the credit. The structure must be listed on the National Register of Historic Places either individually or as a contributing building within a historic district that is listed on the National Register of Historic Places.

The expenses constituting the substantial rehabilitation must have occurred during any 24-month period chosen by the taxpayer ending with or within the taxable year. These expenses must be equal to at least twenty percent (20%) of the assessed value of a certified historic structure for real estate ad valorem tax purposes for the year before such rehabilitation expenses were incurred, exclusive of the assessed value of the land. For example, in 2020, a certified historic residential structure was assessed for \$60,000 (i.e., 60% of appraised value) including \$10,000 in land value. The eligible rehabilitation expenses must be equal to or greater than \$10,000 [i.e., (\$60,000 - \$10,000) * 20%].

Qualifying Costs

The federal law is written to ensure that repairs and renovations to historic buildings be substantially more than just temporary cosmetic additions. Therefore, the code specifies that during a 24-month period, rehabilitation expenditures must exceed the greater of \$5,000 or the adjusted basis of the property. This was not meant to limit the owners to a strict 2-year period of time during which time all work has to be started and concluded, but instead, was meant to ensure that the renovations conform to the Secretary of the Interior’s Standards for Rehabilitation of Historical Properties.

Rehabilitation Basis

The rehabilitation basis is made up of all “Hard Costs” of construction including necessary demolition. “Hard Costs” also include all rehabilitation to the structural components of the building including new plumbing, mechanical, and electrical systems, brick and façade cleaning, and any other work including cosmetics done to the structural components of the building. “Soft Costs” such as Architects Fees, Consulting Fees, Developer Fees, and Construction Period Interest and Taxes are also allowable as part of the Qualified Rehabilitation Basis. See I.R.C. § 47 for expenditures that do not qualify.

For the purposes of the Historic Preservation Credit, any enlargements or additions to the rehabilitated buildings will not be considered when computing the real cost of the rehabilitation and its accompanying tax credit.

If you have certification questions you may contact:
State Historic Preservation Office
Division of Culture and History
The Cultural Center
Charleston, WV 25305
Phone: 304-558-0220

Successful completion of a Historic Preservation Certification Application, [RESTAX FORM 10/2004](#), automatically qualifies the applicant to be considered for tax credits under the West Virginia statute.

Application Procedures

To qualify for the tax incentives, the applicant must submit the Historic Preservation Certification Application, [RESTAX FORM 10/2004](#) published by the National Park Service, United States Department of the Interior, which is in three parts:

[Part 1](#) - certifies that the building is a historic residential structure.

[Part 2](#) - describes the work to be done.

[Part 3](#) - is the certification of the State Historic Preservation Office.

Owners of properties listed either individually or within districts in the National Register of Historic Places (a list maintained by the Department of the Interior) are eligible to apply for certifications. Owners of properties located within the state or local districts may also apply for certification if the statutes establishing those districts have been certified by the Secretary of the Interior and the districts have been certified by the Secretary as substantially meeting the National Register Criteria for Evaluation.

Applications may be sent at any time during the year and may be sent separately or together. If the two parts are sent separately, Part 1 must precede Part 2. Simultaneous submissions of Parts 1 and 2, however, permits a more expeditious review. Part 2 will not be processed until an adequately documented Part 1 is on file and acted upon, unless the property is already individually listed in the National Register.

The West Virginia Department of Culture and History administers these programs and assists federal and State agencies, local governments, and the general public in identifying and preserving the physical historic resources of West Virginia.

Steps to Certification

Part 1 – Evaluation of Significance may be used to request certification in several areas. The first is to request certification that a residential building contributes to the significance of a registered historic district and therefore qualifies as a “certified residential historic structure” for the purpose of rehabilitation. It may be used to request a preliminary determination that a residential structure or building contributes to the significance of the registered historic district in which it is located, for a charitable contribution for conservation purposes. It may be used to request a preliminary determination that a building located within a potential historic district contributes to the significance of the district. Or it may be used to request a preliminary determination that building does not contribute to the significance of the registered historic district in which it is located. Also, it may be utilized to request a preliminary determination of whether an individual building not yet on the National Register meets the National Register Criteria for Evaluation and will likely be listed in the National Register when nominated according to the procedures. Finally, it may be used to request a preliminary determination that a building outside the period or area of significance of a registered historic district contributes to the significance of the district.

Note: Owners of buildings individually listed in the national Register need not complete Part 1. (Verification of National Register listing may be obtained from the West Virginia Division of Culture and History or from the listing of National Register entries in the Federal Register).

Part 2 – Description of Rehabilitation must be completed by all owners of certified historic structures seeking to have rehabilitations certified by the State Historic Preservation Officer. Part 2 is used to describe proposed, ongoing, or completed rehabilitation work. Whenever possible, Part 2 should be completed and submitted prior to the initiation of any rehabilitation work. Taxpayers will be notified in writing whether or not the proposed project is consistent with the Secretary of the Interior’s “Standards for Rehabilitation”. Proposed work that does not appear to be consistent with the Standards will be identified, and advice will be given to assist property owners, architects, or builders in bringing the project into conformance with the Standards. Property owners desiring to formulate plans for the rehabilitation of historic buildings consistent with the intent of the Secretary of the Interior’s “Standards of Rehabilitation” should ask for the “Guidelines for Rehabilitating Historic Buildings” available from the National Parks Service regional offices or from the West Virginia Department of Culture and History.

Part 3 – Request for Certification of Completed Work must be submitted upon completion of the rehabilitation project and include photographs of completed work. If a Part 2 application has not been submitted in advance of project completion, it must accompany the request for Certification of Completed Work. If a Part 2 application has been submitted for review of proposed or ongoing work, submit only the Request for Certification of Completed Work. The completed form should be returned to the West Virginia Division of Culture and History for the final evaluation. At this time, the completed project will be inspected by an authorized representative of the State Historic Preservation Office to determine if the work meets the “Standards for Rehabilitation”. Successful certification by the State Historic Preservation Office of a rehabilitation of a building that results in such building being a “qualified residential rehabilitated building” automatically qualifies the applicant for tax credits under this section. Applicants are strongly encouraged to submit applications describing proposed work and to receive approval from the State Historic Preservation Office prior to the start of construction.

Owners who undertake rehabilitation projects without prior approval do so at their own risk.

Definitions

“Certified historic structure”- any building located within the State of West Virginia that is listed individually in the national register of historic places or is located within a registered historic district, reviewed by the West Virginia Department of Culture and History, and certified by the National Park Service as being of historic significance to the district.

“Certified rehabilitation” - any rehabilitation of a certified historic building that is reviewed by the West Virginia Department of Culture and History, and certified by the National Park Service as being consistent with the historic character of the property, and, where applicable, the district in which it is located.

“Registered historic district” - any district that is listed in the National Register Of Historic Places or designated under a State or local statute which has been certified as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of significance to the district and which is certified as substantially meeting all of the requirements for listing of districts in the National Register Of Historic Places.

“Historic Preservation Certification Application”- the application form published by the National Park Service, United States Department of the Interior, Parts 1, 2, and 3 of [RESTAX FORM 10/2004](#)

“Secretary of the Interior Standards” - the standards and guidelines adopted and published by the National Park Service, United States Department of the Interior, for the rehabilitation of historic properties.

“Certified rehabilitation” - any rehabilitation of a certified historic structure that is consistent with the historic character of the property and, where applicable, the district in which it is located.

“Residential Certified Historic Structure” - any certified historic structure that is either classified as Class II property for purposes of the property tax in the year of rehabilitation, or by no later than July 1st of the year following the year of rehabilitation.

“Eligible rehabilitation expenses” - expenses incurred in the material rehabilitation of a certified historic structure, which add to the property’s basis for income tax purposes. However, the property eligible for the tax credit for qualified rehabilitated residential building investment may not be income producing property or property for which depreciation is allowed under 26 U.S.C. § 168.

“Rehabilitation”- the renovation, restoration, or reconstruction of a building, but does not include an enlargement or new construction.

“Material rehabilitation” - improvements, repairs, alterations, or additions consistent with the Secretary of the Interior’s standards for rehabilitation.

“Secretary of the Interior Standards” - standards and guidelines adopted and published by the National Park Service, United States Department of the Interior, for rehabilitation of historic properties.

“State Historic Preservation Officer” - state officer designated by the governor pursuant to provisions in the National Historic Preservation Act of 1966, as amended, and further defined in W.Va. Code §29-1-6. The governor has designated the West Virginia Division of Culture and History as the State Historic Preservation Officer.

Eligible taxpayers should complete and attach a copy of [Schedule RBIC](#) or [Schedule RBIC-A](#) to applicable tax returns when a claim for credit is made.

For more information, you can:

- Call a Taxpayer Services Representative at (304)558-3333 or toll-free at (800) 982-8297
- Email taxhelp@wv.gov
- Go Online to tax.wv.gov