



## REQUIREMENTS FOR REHABILITATED BUILDINGS INVESTMENT CREDIT

*This publication provides general information regarding the requirements for the Rehabilitated Building Investment Credit (W. Va. Code §11-21-8a and §11-24-23A). It is not a substitute for tax laws or regulations.*

### GENERAL INFORMATION

- A credit of ten percent (10%) 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. Excess credits may be carried back for one year and then carried forward for twenty years in a method identical to that provided for in the federal credit law.
- 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 West Virginia Department of Culture and History administers the historic preservation programs and assists federal and State agencies, local governments, and the general public in identifying and preserving the physical historic resources of West Virginia. This program enables the owner(s)-lessee(s) of a certified historic structure to receive a State tax credit for 10% of the costs of restoration which are certified as complying with the Secretary of the Interior’s Standards for Rehabilitation.
- Applications for certification are available from the West Virginia Department of Culture and History at <http://www.wvculture.org/shpo/taxcredit.html>. Copies of the National Parks Service certification or a copy of the request for final National Park Service certification are submitted with the owner’s West Virginia Personal or Corporate Income Tax return when claiming the tax credit.
- West Virginia Department of Culture and History reviews the application to establish that the property is a certified historic structure. The office also reviews the application for eligible expenditures and to determine that appropriate rehabilitation has been undertaken. Structures for which these benefits are sought must be individually listed on the National Register of Historic Properties or be a contributing element within the boundaries of a historic district which has been listed on the Register prior to the time that the project is carried out.
- Application procedures for the rehabilitated buildings investment credit are the same as those required in the federal regulation for the Preservation Tax Incentive. The applicant submits HISTORIC PRESERVATION CERTIFICATION APPLICATION Form 10-168 which is in three parts. Part 1 certifies that the building is a historic structure. Part 2 describes the work to be done, and Part 3 is the certification of the Secretary of the Interior’s Standards for Rehabilitation. The reviews are completed by the West Virginia Department of Culture and History, then forwarded, with recommendations, to the National Park Service for final determination. Successful certification by the National Park Service of a rehabilitation with a West Virginia site automatically qualifies the applicant for tax credits under the West Virginia Credit For Qualified Rehabilitated Buildings Investment.
- A qualified rehabilitated structure is a building that has been substantially rehabilitated as further defined by Internal Revenue Code Section 47 “Special Rules For Qualified Rehabilitated Buildings.” Rehabilitation is defined as the renovation, restoration, or reconstruction of a building, but does not include an enlargement or new construction. 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.

### DEFINITIONS

- A **certified historic structure** is 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.
- A **certified rehabilitation** is 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.

- A **registered historic district** is 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** is the application form published by the National Park Service, United States Department of the Interior, Parts 1, 2, and 3, Form No. 10-168.
- **Secretary of the Interior Standards** are the standards and guidelines adopted and published by the National Park Service, United States Department of the Interior, for the rehabilitation of historic properties.

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## PROCEDURES FOR APPLICATION

- Application and processing procedures for provisions of this credit shall be the same as any required under provisions of Title 36 of the Code of Federal Regulations, Part 67, and Title 26 of the Code of Federal Regulations, Part 1. Successful completion of a Historic Preservation Certification Application, Form 10-168, automatically qualifies the applicant to be considered for tax credits under the West Virginia statute.
- 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.
- To qualify for the tax incentives, property owners must complete the appropriate part or parts of the Historic Preservation Certification Application. Completed applications are sent first to the West Virginia Department of Culture and History. Then, the applications will be forwarded to the National Park Service regional office, generally with a recommendation. 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 submission 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. 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.

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## STEPS TO CERTIFICATION

- Part 1 – Evaluation of Significance
  - Form 10-168a of the Historic Preservation Certification Application Part 1 - Evaluation of Significance may be used to request certification in several areas. The first is to request certification that a depreciable building contributes to the significance of a registered historic district and therefore qualifies as a “certified historic structure” for the purpose of rehabilitation.
  - It may be used to request a preliminary determination that a depreciable or non-depreciable structure or building, and, where appropriate, the land area on which such a structure or building is located 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 a 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.
- Part 2 – Description of Rehabilitation
  - Form 10-168b of the Historic Preservation Certification Application Part 2 - Description of Rehabilitation, must be completed by all owners of certified historic structures seeking to have

rehabilitations certified by the Secretary of the Interior. 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
  - Upon completion of the rehabilitation project, the owner or owners must submit Form 10-168c of the Historic Preservation Certification Application - Request For Certification of Completed Work, including 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 may be inspected by an authorized representative of the Secretary to determine if the work meets the "Standards for Rehabilitation."
  - Successful certification by the National Park Service of a rehabilitation of a building that results in such building being a "qualified rehabilitated building" within the meaning, 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 National Parks Service prior to the start of construction. Owners who undertake rehabilitation projects without prior approval from the National Parks Service do so at their own risk.
- If you have questions concerning certification, you may contact:

State Historic Preservation Office  
Division of Culture and History  
The Cultural Center  
Charleston, WV 25305  
Telephone: 304-558-0220

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## 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 means 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.
  - The rehabilitation basis is normally made up of all "Hard Costs" of construction including necessary demolition, and all rehabilitation to the structural components of the building including new plumbing, mechanical, and electrical systems, sprinklers, elevators, brick and facade 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. All structural components of the building normally qualify, and some additional items will also qualify. 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 also will not be considered when computing the real cost of the rehabilitation and its accompanying tax credit.
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**TAX CREDIT  
SCHEDULE**

- Eligible taxpayers should complete and attach a copy of Schedule RBIC (Rehabilitated Buildings Investment Credit Schedule) to the applicable tax returns, whenever a claim for credit is made. See [TSD-110](#) for forms. If you have questions concerning certification, you may contact:

State Historic Preservation Office  
Division of Culture and History  
The Cultural Center  
Charleston, WV 25305  
Telephone: 304-558-0220

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**ASSISTANCE AND  
ADDITIONAL  
INFORMATION**

- For assistance or additional information, you may call a Taxpayer Service Representative at:

**1-800-WVA-TAXS  
(1-800-982-8297)**

Or visit our website at:

[www.tax.wv.gov](http://www.tax.wv.gov)

File and pay taxes online at:

<https://mytaxes.wvtax.gov>

Email questions to:

[taxhelp@wv.gov](mailto:taxhelp@wv.gov)