



## RESIDENTIAL HISTORIC REHABILITATED BUILDINGS INVESTMENT CREDIT

*This publication provides general information regarding the requirements for the Rehabilitated Residential 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

- For tax years beginning on or after January 1, 2000, a credit is available against Personal Income Tax for qualified rehabilitation expenses in a residential certified historic structure. The credit equals twenty percent (20%) of eligible rehabilitation expenses. Excess credit may be carried forward for up to five (5) years.
- The credit is available for the certified rehabilitation of residential certified historic structures located in West Virginia. 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. A historic district includes a group of buildings, structures or sites that taken together make up a coherent whole with similar historic or architectural meaning that is listed in the National Register of Historic Places. The State Historic Preservation Office within the West Virginia Division of Culture and History reviews and determines the certified status of each structure.
- "Certified rehabilitation," means 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" means 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. The State Historic Preservation Office within the West Virginia Division of Culture and History is responsible for the review and certification of such rehabilitation.
- "Eligible rehabilitation expenses" are 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" is defined as the renovation, restoration, or reconstruction of a building, but does not include an enlargement or new construction.
- "Material rehabilitation" means improvements, repairs, alterations, or additions consistent with the Secretary of the Interior's standards for rehabilitation.
- "Secretary of the Interior standards" means standards and guidelines adopted and published by the National Park Service, United States Department of the Interior, for rehabilitation of historic properties. 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 1999, 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.,  $(\$60,000 - \$10,000) * 20\%$ ].
- "State Historic Preservation Officer" is the 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.

### REHABILITATION BASIS

- The rehabilitation basis is normally 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.

## HISTORIC PRESERVATION CERTIFICATION APPLICATION

- The applicant submits a modified Form 10-168, which is in three parts. Part 1 certifies that the building is a historic residential structure. Part 2 describes the work to be done, and Part 3 is the certification of the State Historic Preservation officer within the Department of Culture and History. The State Historic Preservation Office completes the reviews. The Historic Preservation certification application is a modified 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 State Department of the Interior, for the rehabilitation of historic properties. 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 to the West Virginia Department of Culture and History. 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.

## 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 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
  - Modified 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 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
  - 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 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.

- 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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#### **TAX CREDIT SCHEDULE**

- Eligible taxpayers should complete and attach a copy of Schedule RBIC-A (Residential Historic Rehabilitated Buildings Investment Credit Schedule) to the applicable Personal Income tax return, when a claim for credit is made. See [TSD-110](#) for forms.

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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)