

# Main Street

## GREENWOOD

### **Federal Tax Credits:**

The Historic Preservation Tax Incentive Program is one of the most effective federal programs in promoting the rehabilitation of historic structures. Unlike a deduction, a tax credit lowers the amount of income tax owed. For each dollar of tax credit earned, the amount of income tax owed will be reduced by one dollar. The National Park Service (NPS) is responsible for administering the tax credit.

### **20% Rehabilitation Tax Credit:**

The 20% tax credit equals 20% of the amount spent in a certified rehabilitation of a certified historic structure (listed individually on National Register of Historic places or located in National Register listed district and certified as contributing to the historic significance of the district). For example, if an owner spent \$100,000 in restoring a building, he/she would receive a \$20,000 tax credit. Unused credits can be "carried back" one year and "carried forward" up to 20 years. Long term lessees may also apply for the credit if their lease is 27.5 for residential property or 39 years for non-residential property.

### **IRS Requirements:**

- Building must be depreciable or income producing.
- Property must be placed in service & owner must hold the building for five full years after completing the rehab.

- Rehab must be substantial enough that expenditures exceed the greater of \$5,000 or adjusted basis of the building. The adjusted basis = the purchase price – cost of land + Improvements already made – depreciation already taken.
- Building must be certified historic structure when placed in service.

### **How to Apply:**

*It is strongly recommended that the application be submitted before work starts.*

Complete the appropriate parts of Historic Preservation Certification Application. Application will then go to MDAH then along to the NPS for final review and approval. Both the NPS & MDAH follow the Secretary of the Interior's Standards for Rehabilitation in determining project eligibility. The 3 part application will be used to:

1. Request that a property be designated a certified historic structure
2. Describe the proposed rehabilitation
3. Request certification of completed work

Visit the MDAH website for more information and to download application: [http://mdah.state.ms.us/hpres/20percent\\_taxcredit.php](http://mdah.state.ms.us/hpres/20percent_taxcredit.php) or call at 601-576-6940.