

## TAX CREDIT GUIDE

[Are you rehabilitating an older building?](#)

[Do you need financial assistance?](#)

[The Federal Historic Tax Credit may be able to help!](#)



American Brewery Building, Baltimore MD

Utilizing the federal HTC is essentially a three-step process governed by regulations and procedures of the National Park Service (NPS) and the Internal Revenue Service (IRS):

1. **QUALIFYING:** The owner determines whether the project will **qualify** for the 10 percent or the 20 percent tax credit based on IRS and NPS qualification criteria;
2. **EARNING:** The owner follows the procedure established by the NPS to **earn** the credits;
3. **REDEEMING:** The owner consults IRS regulations to determine his/her ability to **redeem** the credits earned as a credit against federal tax liability.

Using the three-step process outlined above, this guide will traverse the often confusing web of federal regulations, helping to answer questions such as:

- Does my project qualify for the 10 percent historic tax credit or the 20 percent historic tax credit?
- Does my planned rehabilitation satisfy the qualification criteria established by the IRS and NPS?
- How much of my earned credit will the IRS regulations allow me to redeem?
- Can I "sell" my credits to investors who can apply them to reduce their federal tax liability?

[Begin exploring if the federal historic tax credit may benefit your rehabilitation project](#)

**About The Guide:** To help owners of older and historic properties use the federal HTC, the National Trust for Historic Preservation, with financial assistance from the [Ford Foundation](#) and technical assistance from [Polsinelli Shughart, P.C.](#) has created an interactive, step-by-step guide to determining whether the HTC may benefit a particular rehabilitation project.

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## What is the Federal Historic Tax Credit?



B&O Warehouse, Portland OR

The Federal Historic Tax Credit (HTC) encourages the preservation and reuse of the nation's built environment by offering federal tax credits to the owners of historic properties. The tax credits represent a dollar-for-dollar reduction of federal taxes owed. Since its inception in 1978, the credit has encouraged the rehabilitation of more than 38,000 historic properties representing nearly \$100 billion in private investment. This approach to community revitalization has been so successful that nearly half the states now have similar programs.

### How the HTC Works

Certified historic structures are eligible for a credit equal to 20 percent of the cost of rehabilitation. Properties built before 1936 that are not eligible for individual listing on the National Register of Historic Places, nor eligible for inclusion in a certified historic district (considered non-historic, non-contributing structures) are eligible for a credit equal to 10 percent of the cost of rehabilitation.