

COMMONWEALTH OF VIRGINIA – DEPARTMENT OF HISTORIC RESOURCES
VIRGINIA HISTORIC REHABILITATION TAX CREDIT PROGRAM
COMPARISON OF STATE AND FEDERAL PROGRAMS

| | FEDERAL | STATE |
|---|---|--|
| Amount of credit | 20% of eligible expenses | 25% of eligible expenses |
| Eligible Property Types | Income Producing Only Commercial or Rental Residential <i>Not owner-occupied residential</i> | Income Producing <i>-or-</i> Owner Occupied Residential |
| Certified Historic Structure | Individually Listed on National Register of Historic Places (NRHP) <i>-or-</i> Contributes to a NRHP Historic District | Individually listed on Virginia Landmarks Register (VLR) <i>-or-</i> Contributes to a listed VLR Historic District <i>-or-</i> Has been evaluated as <i>eligible</i> for individual listing on the VLR |
| The Secretary of the Interior's Standards For Rehabilitation | All rehabilitation work must be consistent with the Secretary of the Interior's <i>Standards for Rehabilitation</i>. | |
| Minimum Cost Threshold | <p>Improvements must be <u>more than 100% of the owner's adjusted basis in the building</u></p> <p>The adjusted basis is generally defined as the purchase price, minus the value of the land, minus any depreciation already claimed, plus the value of any earlier capital improvements.</p> <p style="text-align: center;"><i>-or-</i></p> <p><u>\$5,000</u> – whichever is greater.</p> | <p><i>For Owner-Occupied Residential Properties:</i> Expenses must be <u>at least 25%</u> of the assessed value of the building for the year before the rehabilitation was begun.</p> <p><i>For Commercial & All Other Buildings:</i> Expenses must be <u>at least 50%</u> of the assessed value of the building for the year before the rehabilitation was begun.</p> |
| Eligible Rehabilitation Costs | <p>Includes construction costs and some soft costs.</p> <p>Does not include the cost of new construction, expansion of the volume of the building, site work, or personal property.</p> | <p>Includes construction costs and some soft costs.</p> <p>Does not include new construction beyond the shell of the building, site work, or personal property.</p> <p>Some historic man-made landscape elements may be eligible.</p> |
| Recapture of Credits | <p>If a property is sold or it loses its status as income-producing within 5 years of completion of the rehabilitation, a portion of credits claimed will be subject to prorated recapture by the IRS.</p> | <p>There is no holding period for the state credit.</p> <p>The building may be sold any time after the rehabilitation without recapture of the credit.</p> |
| Claiming Credits | <p>Credit may be carried forward for up to 20 years, and back 1 year.</p> | <p>Credit may be carried forward for up to 10 years. There is no carry-back.</p> |
| Deadlines | <p>The Part 1 must be submitted <u>before</u> the work is completed.</p> | <p>Part 1, as well as Parts 2 and 3, <u>must be submitted within 1 year of the completion date.</u></p> |