

The 10% Rehabilitation Tax Credit

This tax credit is available for the rehabilitation of non-historic buildings built before 1936. i.e. buildings not listed on the National Register of Historic Places, or buildings that have been substantially altered.

As with the 20% rehabilitation tax credit, the 10% credit applies only to buildings, not to ships, bridges, or other structures. The rehabilitation must be substantial, exceeding either \$5000. or the adjusted basis of the property, whichever is greater. The property must be depreciable.

The 10% credit applies only to buildings rehabilitated for non-residential uses. Rental housing would thus not qualify. Hotels, however, would qualify. They are considered to be in commercial use, not residential use.

A building that has been moved is ineligible for the 10% rehabilitation tax credit. (A moved certified historic structure, however, can still be eligible for the 20% credit.)

Projects undertaken for the 10% credit must meet a specific test for retention of external walls and internal structural framework.

- at least 50% of the building's walls existing at the time the rehabilitation began must remain in place as either external or internal walls, at the work's conclusion, and
- at least 75% of the building's existing external walls must remain in place as either external or internal walls, and
- at least 75% of the building's internal structural framework must remain in place.

Claiming the 10% Rehabilitation tax credit:

There is no formal review process for rehabilitations of non-historic buildings. It must be claimed on IRS Form 3468 for the tax year in which the rehabilitated building is placed in service.

For more information contact:

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