

South Carolina Historic Rehabilitation Incentives Act

How to Apply the Credit to Your Taxes

The South Carolina Historic Rehabilitation Incentives Act provides income tax credits for the certified rehabilitation of historic properties in the state. The 10% credit for income-producing projects (for projects taking the federal tax credit for rehabilitation) and the 25% credit for owner-occupied residences must be taken in installments. The law provides for using the credits in five equal installments beginning with the year in which the property is placed in service. 'Placed in service' means the rehabilitation has been completed and would allow for the intended use. This sheet provides examples of how the credit might be used in three hypothetical situations.

This is not tax advice. The Department of Archives and History provides this for informational purposes only. Contact your tax professional to determine how the tax credit may affect your specific tax situation.

Income-producing project — 10% State Income Tax Credit

Adjusted Basis: \$ 95,000 (contact your tax professional for this value)

Rehabilitation Costs: \$100,000 (must exceed the adjusted basis — federal program requirement)

Tax Credit: \$ 10,000 (10% of rehabilitation costs)

Installment: \$ 2,000 per year for 5 years

Year	Taxes Owed	Credit Installment (\$2000 max)	Unused Credit	Credit Carried Forward	Taxes You Pay (Unused credit is non-refundable)
1	\$ 2500	\$ 2000			\$ 500
2	3000	2000			1000
3	1500	1500	\$500		-0-
4	2000	2000			-0-
5	2000	2000			-0-
6	1500	-0-		\$500 (from year 3)	1000
7	2000	-0-			2000

Total credit available: \$10,000

Total credit used in this example: \$10,000

Certified Historic Residential Structure — 25% State Income Tax Credit

Example I — Higher tax liability

Rehabilitation Costs: \$60,000 (see list for allowable costs — the minimum is \$15,000 over 36 months — all work must be pre-approved)

Tax Credit: \$15,000 (25% of rehabilitation costs)

Installment: \$ 3,000 per year for 5 years

Year	Taxes Owed	Credit Installment (\$3000 max)	Unused Credit	Credit Carried Forward	Taxes You Pay (Unused credit is non-refundable)
1	\$ 2500	\$ 2500	\$500		\$ -0-
2	3000	3000	-0-		-0-
3	3500	3000	-0-	\$ 500 (from year 1)	-0-
4	2500	2500	500		-0-
5	2500	2500	500		-0-
6	2500	-0-	-0-	1000 (from years 4, 5)	1500
7	2500	-0-	-0-		2500

Total credit available: \$15,000

Total credit used in this example: \$15,000

See reverse for example using a lower tax liability

Certified Historic Residential Structure — 25% State Income Tax Credit

Example II —Lower tax liability

Rehabilitation Costs: \$60,000 (see list for allowable costs — the minimum is \$15,000 over 36 months — all work must be pre-approved)

Tax Credit: \$15,000 (25% of rehabilitation costs)

Installment: \$ 3,000 per year for 5 years

Year	Taxes Owed	Credit Installment (\$3000 max)	Unused Credit	Credit Carried Forward	Taxes You Pay (Unused credit is non-refundable)
1	\$ 800	\$ 800	\$ 2200		-0-
2	1000	1000	2000		-0-
3	1100	1100	1900		-0-
4	900	900	2100		-0-
5	1000	1000	2000		-0-
6	1100	-0-		1100 (from year 1) (carry forward of the remaining \$1100 credit from year 1 expires)	-0-
7	1000	-0-		1000 (from year 2) (carry forward of the remaining \$1000 credit from year 2 expires)	-0-
8	1100	-0-		1100 (from year 3) (carry forward of the remaining \$800 credit from year 3 expires)	-0-
9	1000	-0-		1000 (from year 4) (carry forward of the remaining \$1100 credit from year 4 expires)	-0-
10	1100	-0-		1100 (from year 5) (carry forward of the remaining \$900 credit from year 5 expires)	-0-
11	1200	-0-		-0- (all carry forward credits have expired)	\$1200

Total credit available: \$15,000

Total credit used in this example: \$10,100

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