

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>100140</b>	Individual Income Tax Historic Rehabilitation Tax Credit - Common Questions

State of Wisconsin  
Department of Revenue

## Individual Income Tax Historic Rehabilitation Tax Credit

**This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.**

Note: These common questions relate only to the state historic rehabilitation credit. See the [instructions for Schedule HR](#) for information concerning the state supplement to the federal historic rehabilitation credit.

1. I own and live in an old home that has historical significance. Is there any Wisconsin tax benefit for rehabilitating my home?
2. I learned about the historic rehabilitation credit after I had begun work on my home. Can I still qualify for a credit?
3. I rehabilitated my historic home two years ago. I just became aware of the historic rehabilitation credit. Can I still qualify for a credit?
4. I have finished a rehabilitation project on my home. The Wisconsin Historical Society had approved the project. How do I claim a credit on my Wisconsin income tax return?
5. Is it possible to completely offset all my Wisconsin tax liability by claiming the historic rehabilitation credit?
6. My historic rehabilitation credit was greater than my tax liability. Can I carry over any of the unused amount to the next year?
7. My father completed rehabilitation work on his solely owned personal residence in August of 2014. The property is certified by the Wisconsin Historical Society. He claimed the Historic Rehabilitation Tax Credit on his 2014 Wisconsin individual tax return. He passed away in tax year 2018 which is within 5 years after the work was completed. The residence was included in his estate and my siblings and I received equal interest in the property. Must the rehabilitation credit be repaid?
8. If I purchase my sibling's interest in the property and live in the property, does the Historic Rehabilitation Credit have to be repaid?
9. Under what circumstances would the Rehabilitation Credit have to be repaid?
10. If the Historic Rehabilitation Credit has to be repaid, how is this recapture calculated?

**1. I own and live in an old home that has historical significance. Is there any Wisconsin tax benefit for rehabilitating my home?**

Yes. A Wisconsin income tax credit is available for specific types of rehabilitation work. You must first contact the Wisconsin Historical Society to obtain an application form for your project. You may write to the Division of Historic Preservation, Wisconsin Historical Society, 816 State Street, Madison, WI 53706-1488, call (608) 264-6490 or (608) 264-6491, or visit their website at [wisconsinhistory.org](http://wisconsinhistory.org). You must file the form with and receive approval from the Wisconsin Historical Society before you begin the physical work on the project. In general, the eligible work done over a 2-year period after receiving approval will qualify for the credit, subject to specific cost limitations.

**2. I learned about the historic rehabilitation credit after I started work on my home. Can I still qualify for a credit?**

If you begin work before receiving approval from the Wisconsin Historical Society, you may still be able to claim a partial credit. You must contact the Wisconsin Historical Society and obtain approval of the project. Only the rehabilitation costs incurred after approval is granted will qualify for the credit.

**3. I rehabilitated my historic home two years ago. I just became aware of the historic rehabilitation credit. Can I still qualify for a credit?**

Unfortunately no - Wisconsin Statutes require that the work be pre-approved.

**4. I have finished a rehabilitation project on my home. The Wisconsin Historical Society had approved the project. How do I claim a credit on my Wisconsin income tax return?**

First, obtain and complete Wisconsin Schedule HR. Compute the allowable credit on this form, and enter this amount on Wisconsin Schedule CR. Include Schedule HR and copies of your approved certification forms from the Wisconsin Historical Society to your return when you file.

**5. Is it possible to completely offset all my Wisconsin tax liability by claiming the historic rehabilitation credit?**

Yes.

**6. My historic rehabilitation credit is greater than my tax liability. Can I carry forward any of the unused amount to the next year?**

Yes. You may carry forward the unused credit for 15 years to the extent it is not offset by income taxes otherwise due during the intervening years.

**7. My father completed rehabilitation work on his solely owned personal residence in August of 2015. The property is certified by the Wisconsin Historical Society. He claimed the Historic Rehabilitation Tax Credit on his 2015 Wisconsin individual tax return. He passed away in tax year 2019 which is within 5 years after the work was completed. The residence was included in his estate and my siblings and I received equal interest in the property. Must the rehabilitation credit be repaid?**

No, the Historic Rehabilitation Credit does not have to be repaid.

**8. Using the same facts in question 7 above, if I purchase my sibling's interest in the property and live in the property, does the Historic Rehabilitation Credit have to be repaid?**

No, the Historic Rehabilitation Credit does not have to be repaid. The law does not require repayment of the credit upon the death of the person who received it.

**9. Under what circumstances would the Historic Rehabilitation Credit have to be repaid by the claimant?**

- If the owner sells and no longer owns or occupies the previously certified property within 5 years after completion of the project, all or a portion of the credit must be added back to the individual's tax liability, or
- If the Wisconsin Historical Society determines that the originally certified historic property has been severely diminished in historical value or altered to the extent that it does not comply with the statutory standards under sec. 44.02(24), the state historical society would revoke the certification and pass this revocation information on to the Secretary of the Department of Revenue.

#### 10. **How is the credit recapture calculated?**

If sale, conveyance or noncompliance occurs during the 1st, 2nd, 3rd, 4th, or 5th year after the date on which the preservation or rehabilitation is completed, then 100%, 80%, 60%, 40% or 20%, respectively, of the amount of the credits received for rehabilitating or preserving the property will be calculated and added back into the individual's tax liability.

## Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of December 17, 2019: Sections 44.02, 71.07, 71.28 and 71.07(9r), Wis. Stats., sec. Tax 2.08, Wis. Adm. Code, and secs. HS 3.04 and 3.06, Wis. Adm. Code.

Laws enacted and in effect after December 17, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to December 17, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

### FOR QUESTIONS OR COMMENTS CONTACT:

MS 5-77

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