



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
CARVEL STATE BUILDING
820 N. FRENCH STREET
P.O. Box 8763
WILMINGTON, DELAWARE 19899-8763

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 2001-7

DATE: November 7, 2001

**SUBJECT: FORM 1811AC, APPLICATION AND COMPUTATION FOR DELAWARE
HISTORIC PROPERTY PRESERVATION TAX CREDIT**

CONTACT: Ronald A. Kaminski, (302) 577-8445, rkaminski@state.de.us

The purpose of this TIM is to describe the filing requirements for making an application and computing the Delaware Historic Property Preservation Tax Credit under the provisions of Chapter 18 of Title 30 of the Delaware Code.

H.B. No. 1 added Subchapter II to Chapter 18 of Title 30 of the Delaware Code. Beginning with taxable years that commence on or after January 1, 2001, any person incurring qualified expenditures pursuant to this subchapter in the rehabilitation of any certified historic property shall be entitled to a credit against income taxes imposed under Chapter 11 or Chapter 19 of Title 30 of the Delaware Code up to a maximum of:

1. 20% (30% if any part of the certified rehabilitation of a residential property is determined by the Delaware State Historic Preservation Office to be committed to low income housing) of the qualified expenditures made in the rehabilitation of any certified historic property which is eligible for a federal tax credit under Section 47 of the Internal Revenue Code; and
2. 30% (40% if any part of the certified rehabilitation of a residential property is determined by the Delaware State Historic Preservation Office to be committed to low income housing) of the qualified expenditures made in the rehabilitation of any certified historic property which is not eligible for a federal tax credit under Section 47 of the Internal Revenue Code.

With respect to the tax credits awarded under subparagraph two above, no single certified rehabilitation of owner occupied historic property may receive a tax credit in excess of \$20,000. The maximum amount of credit awards under this Subchapter in any fiscal year shall not exceed \$3,000,000. If a credit award would result in the fiscal year limit being exceeded in the year in which it is awarded, the amount by which such credit award exceeds \$3,000,000 shall carry over to the succeeding fiscal year and shall receive priority for that year.

Any person eligible for credits under this Subchapter may transfer, sell or assign any or all of the unused credits. If a certified historic property for which a certified rehabilitation has been completed is sold or transferred, the amount of any credit not used by the time of the sale or transfer may be transferred to the person to which the structure is sold or transferred. The amount of credit not able to be used as an offset against taxes imposed under Chapter 11 and 19 of Title 30 of the Delaware Code shall not be refunded. The amount may be carried forward, for a period not exceeding ten years, as a credit against subsequent years' income tax.

The Delaware State Historic Preservation Office will certify eligible projects for treatment in fulfillment of the purposes of this Subchapter. Upon receiving certification, the credit can be claimed and computed on Form 1811AC. Attached is a copy of Form 1811AC that will be used to compute the Delaware Historic Property Preservation Credit. Form 1811AC must be completed and submitted on or before January 31st after the end of the calendar year during which the qualified property was completed and approved by the Delaware State Historic Preservation Officer. The following supporting documentation must accompany Form 1811AC: A copy of the Certification of Completion and a list of the qualified expenditures incurred in the rehabilitation of the qualified historic property.

For more information about these regulations, contact **Ronald A. Kaminski, Business Audit Bureau Manager, State of Delaware Division of Revenue, 820 N. French Street, Wilmington, Delaware 19801** or phone **(302) 577-8445**.

William Remington

A handwritten signature in black ink, appearing to read "Wm Remington", written in a cursive style.

Director of Revenue

COMPUTATION SCHEDULE FOR CLAIMING
DELAWARE HISTORIC PRESERVATION TAX CREDITS

FORM 1811AC MUST BE COMPLETED AND ATTACHED TO THE DELAWARE DIVISION OF REVENUE INCOME
TAX RETURN FOR EACH YEAR THE DELAWARE HISTORIC PRESERVATION TAX CREDITS ARE CLAIMED.

PART A - NAME AND ADDRESS OF APPLICANT

1. Enter Federal Employer Identification Number or Social Security Number Tax Period Ending Date (MM/DD/YY)
Federal Employer Identification Number: 1 --- [] [] -- [] [] [] [] [] [] [] []
Social Security Number: 2 --- [] [] [] - [] [] -- [] [] [] [] _____ / _____ / _____

2. Name of Taxpayer

3. Address

4. Location of Qualifying Historic Property (if different from above).

5. Contact Person Telephone Number Fax Number E-mail Address

PART B - TYPE OF HISTORIC PROPERTY

- [] Certified historic property eligible for a federal tax credit under Section 47 of the IRC. Enter 20% in Part - C, Line 2.
- [] Certified residential historic property (committed to low income housing) eligible for a federal tax credit under Section 47 of the IRC. Enter 30% in Part - C, Line 2.
- [] Certified historic property not eligible for a federal tax credit under Section 47 of the IRC. Enter 30% in Part - C, Line 2.
- [] Certified residential historic property (committed to low income housing) not eligible for a federal tax credit under Section 47 of the IRC. Enter 40% in Part - C, Line 2.

PART C - COMPUTATION OF HISTORIC PRESERVATION TAX CREDIT

1. Qualified expenditures in the rehabilitation of any certified historic property \$ _____
2. Multiply Line 1 by the percentage selected in Part B _____ %
3. Tentative Historic Preservation Tax Credit. (Line 1 multiplied by Line 2) \$ _____
4. Credit limitation \$ 20,000

STOP: Is the historic property, which is not eligible for a federal tax credit under Section 47 of the IRC, a certified rehabilitation that is occupied by the owner?

- [] YES - Enter the smaller of Line 3 or Line 4 on Line 5
- [] NO - Enter the amount from Line 3 on Line 5

5. Delaware Historic Preservation Tax Credit. \$ _____

STOP: IF THE BUSINESS ENTITY FOR WHICH THE CREDIT HAS BEEN APPROVED IS:

- C CORPORATION - Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(a).
- S CORPORATION - Multiply the amount on Line 5 by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(b).
- PARTNERSHIP - Multiply the amount on Line 5 by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(c).
- INDIVIDUAL & SOLE PROPRIETOR - Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(d).
- RESIDENT & NONRESIDENT ESTATES & TRUSTS - Multiply the amount on Line 5 by the percentage share of each beneficiary. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(e).
- RESIDENT & NONRESIDENT DECEDENT ESTATES - Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(f).

NAME TITLE DATE

**GENERAL INSTRUCTIONS FOR COMPLETION OF
FORM 1811AC 0201**

The Delaware State Historic Preservation Office must first approve the project as a Certified Rehabilitation. After receiving a Certificate of Completion from the Delaware State Historic Preservation Office, Delaware Form 1811AC must be completed by the taxpayer and sent, along with the Certificate of Completion, to the Delaware Division of Revenue for tax credit approval. After receiving tax credit approval from the Delaware Division of Revenue, the approved amount of credit must be transferred to the appropriate line on Delaware Form 700. Delaware Forms 700 and 1811AC must be attached to each annual income tax return approved for the credit. If you need assistance completing this form, please contact Steve Seidel, Delaware Division of Revenue, 820 N. French Street, Wilmington, DE 19801, 302-577-8455, sseidel@state.de.us.

SPECIFIC INSTRUCTIONS

PART A - NAME AND ADDRESS OF APPLICANT

- Line 1.** Enter the Federal Employer Identification or Social Security Number of the person or entity applying for the credit and the tax year ending date in which the credit is being claimed.
- Line 2.** Enter the name of the person or entity claiming the credit.
- Line 3.** Enter the address of the person or entity claiming the credit.
- Line 4.** Enter the location of the qualified historic property, if different from Line 3.
- Line 5.** Enter the name of the person responsible for completing Form 1811AC. Also include the telephone number, fax number and e-mail address of the person.

PART B - TYPE OF HISTORIC PROPERTY

Please check the appropriate box under which the Delaware historic property is qualified and enter the corresponding percentage in Part C, Line 2.

PART C - COMPUTATION OF THE DELAWARE HISTORIC PRESERVATION TAX CREDIT

- Line 1.** Enter the qualified expenditures incurred in the rehabilitation of the Delaware historic property.
- Line 2.** Multiply Line 1 by:

20% (30% if residential property is committed to low income housing) if the qualified expenditures made in the rehabilitation of any certified historic property are eligible for a federal tax credit under Section 47 of the IRC.
30% (40% if residential property is committed to low income housing) if the qualified expenditures made in the rehabilitation of any certified historic property are not eligible for a federal tax credit under Section 47 of the IRC.

- Line 3.** Multiply Line 1 by Line 2. This is your tentative Delaware Historic Preservation Tax Credit.
- Line 4.** If your qualified historic property is not eligible for a federal tax credit under section 47 of the IRC and is a certified rehabilitation that is occupied by the owner, you must check the "yes box" and be subject to the \$20,000 credit limitation. Otherwise, check the "no box".
- Line 5.** This is your Delaware Historic Preservation Tax Credit. If the "yes box" is checked, enter the smaller of Line 3 or Line 4. If the "no box" is checked, enter the amount from Line 3 on Line 5.

STOP: IF THE BUSINESS ENTITY FOR WHICH THE CREDIT HAS BEEN APPROVED IS:

- **C CORPORATION** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(a).
 - **S CORPORATION** – Multiply the amount on Line 5 by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(b).
 - **PARTNERSHIP** – Multiply the amount on Line 5 by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(c).
 - **INDIVIDUAL & SOLE PROPRIETOR** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(d).
 - **RESIDENT & NONRESIDENT ESTATES & TRUSTS** – Multiply the amount on Line 5 by the percentage share of each beneficiary. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 21(e).
 - **RESIDENT & NONRESIDENT DECEDENT ESTATES** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 21(f).
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THE TOTAL AMOUNT OF CREDITS APPROVED BY THE DIRECTOR WITH RESPECT TO ALL APPLICANTS FOR THE DELAWARE HISTORIC PRESERVATION TAX CREDIT SHALL NOT EXCEED \$3,000,000 IN ANY FISCAL YEAR. IF THE AMOUNT OF DELAWARE HISTORIC PRESERVATION TAX CREDITS FOR WHICH ALL TAXPAYERS APPLIED IN ANY FISCAL YEAR EXCEEDS \$3,000,000, THEN THE AMOUNT BY WHICH SUCH CREDIT AWARD EXCEEDS \$3,000,000 SHALL CARRY OVER TO THE SUCCEEDING FISCAL YEAR AND SHALL RECEIVE PRIORITY FOR THAT YEAR.