

**FORM  
502H**

**MARYLAND**

**HISTORIC PROPERTY AND HERITAGE AREA PRESERVATION**

**20** \_\_\_\_\_

For tax years beginning prior to January 1, 2002

Name and address of taxpayer(s)	Taxpayer identification number
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- ◆ YOUR MARYLAND RESTORATION AND QUALIFIED COSTS MUST BE CERTIFIED BY THE MARYLAND HISTORICAL TRUST  
Attach a copy of your approved Heritage Preservation Certification Application and Form 502H to your tax return.  
REMINDER: All photographs are to be sent to the Maryland Historical Trust at:  
100 Community Place  
Crownsville, Maryland 21032-2023  
For further information or to obtain applications, contact the Maryland Historical Trust at 410-514-7630.
- ◆ Do not send photographs to the Revenue Administration Division.

**PART A: SUBTRACTION FOR PRESERVATION OF HISTORIC PROPERTY** SEE INSTRUCTIONS ON PAGE 2 OF THIS FORM  
**WORKSHEET A: TO BE USED FOR EXPENDITURES MADE PRIOR TO JANUARY 1, 1997**

DESCRIPTION AND LOCATION OF PROPERTY (1)	AMORTIZATION BASIS (2) (See instructions)	DATE OF BASIS (3)	TAXABLE MONTHS IN THIS PERIOD (4)	RATE OR % (Max. 20%) (5)	SUBTRACTION FOR THIS YEAR (6)	SUBTRACTION ALLOWED IN PRIOR YEARS (7)
<b>TOTAL</b>						

**PART B: CREDIT FOR HERITAGE PRESERVATION AND TOURISM AREAS**  
SEE INSTRUCTIONS ON PAGE 4 OF THIS FORM  
**WORKSHEET B: FOR EXPENDITURES FOR REHABILITATION COMPLETED AND CERTIFIED AFTER DECEMBER 31, 1996 AND DURING THE TAX YEAR COVERED BY THIS FORM**

DESCRIPTION AND LOCATION OF PROPERTY (1)	CERTIFIED REHABILITATION EXPENDITURES (2)	RATE (SEE INSTRUCTIONS) (3)	AVAILABLE CREDIT (4)
<b>PART I: Expenditures for Maryland rehabilitation completed and certified after June 30, 2001</b>			
<b>PART II: Expenditures for Maryland rehabilitation completed and certified prior to July 1, 2001 and/or expenditures for reciprocal state property.</b>			
<b>PART III: Credit carried over from prior years .....</b>			

**PART C: MORTGAGE CREDIT CERTIFICATES**  
SEE INSTRUCTIONS ON PAGE 4 OF THIS FORM  
**WORKSHEET C: TO BE USED BY LENDING INSTITUTIONS RECEIVING MORTGAGE CREDIT CERTIFICATES**

DESCRIPTION AND LOCATION OF PROPERTY (1)	AMOUNT OF CREDIT (2)
<b>TOTAL</b>	

**CREDIT CALCULATIONS**

1. Add amounts from Parts II and III, column 4, and enter here \_\_\_\_\_
2. Enter the State tax from line 24 of Form 502 (less amounts from lines 25 and 26 of Form 502 and line 6, Part F of Form 502CR), line 32 of Form 505 (less amounts from lines 33 and 34 of Form 505 and line 6, Part F of Form 502CR), line 30 of Form 504 (less amount from line 38) or line 9 of Form 500. \_\_\_\_\_
3. Subtract line 2 from line 1. If less than 0, enter 0. \_\_\_\_\_  
If line 3 is equal to 0, your non-refundable Heritage Area Credit is the amount on line 1. Enter on line 4.  
If line 3 is greater than 0, your non-refundable Heritage Area Credit is limited to the state tax amount shown on line 2. Enter on line 4.
4. Non-refundable Heritage Area Credit. \_\_\_\_\_  
Enter the amount from line 4 on line 6 Part F of Form 502CR if filing Form 502 or Form 505, or line 1 Part G of Form 500CR if filing Form 500 or Form 504.
5. Enter the amounts from Part I, Column 4. \_\_\_\_\_  
This is your refundable Heritage Area Credit. Enter this amount on Part H, line 1 of Form 502CR, line 39 of Form 504 or line 10d of Form 500.
6. Enter the amount from line 3. \_\_\_\_\_  
This is your Heritage Area Credit carryover. If the amount is greater than 0 it may be carried forward for ten years from the date of original certification.

# Instructions for PART A

## SUBTRACTION FOR PRESERVATION OF HISTORIC PROPERTY

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**NOTE: The subtraction for preservation of historic property has been repealed for taxable years beginning after December 31, 1996. However, certified rehabilitation expenses made prior to January 1, 1997 may continue to be amortized over a 60 month period.**

### Who May File

A claim for a subtraction for rehabilitation of a historic structure or building may be made by those taxpayers who own a building or structure which is a certified historic structure that has had certified rehabilitation. The intent of the legislation creating this subtraction is to allow a subtraction for rehabilitation of historic properties and not to provide tax relief for routine maintenance, alteration or stop-gap repairs that do not correct the situation that has created the need for repair.

### What Structures Qualify

A "Certified Historic Structure" means a building or structure which is not used in a trade or business or held for the production of income. It must be either listed in the National Register of Historic Places; located in a Registered Historic District and certified as being of historic significance by the U.S. Secretary of the Interior or the Maryland Historical Trust; designated by a certified local government as an individual historic site; located in a district designated by a certified local government as an individual historic site; or located in a district designated as historic by a certified local government and certified as being of historic significance in the district by the certified local government.

### Amortization Basis

The amortization basis (column 2) represents the amount expended for certified rehabilitation costs only and does not include the purchase price of the property. Expenditures arising from the regular and normal or scheduled maintenance of the structure will not qualify for amortization. The date of basis (column 3) is the date payment was made for the amount of the certified rehabilitation cost.

### Election

The basis shall be amortized over a period of 60 months. The 60 month period shall begin, at the election of the taxpayer, with the month following the month in which the basis is acquired, or with the succeeding taxable year.

### Rate or %

If the taxpayer elects to begin amortizing the basis in the succeeding taxable year, enter 20% in column 5, multiply the amount of the basis by that percentage and enter the result in column 6, "Subtraction For This Year". This is your subtraction.

If the taxpayer elects to begin with the month following the month in which the basis is acquired, the maximum percentage (20%) must be prorated for the number of months in the taxable year. Enter the prorated percentage in column 5. Multiply the

amount of the basis (column 2) by the percentage and enter in column 6. Example: If the basis is acquired in July, the month in which amortization may begin is August. Multiply 20% by the remaining months (5) and divide by twelve. The result is 8.33%, which should be entered in this column.

### Qualifying Guidelines

Certified rehabilitation is any rehabilitation of a structure for the purpose of stabilizing or restoring the structure. Stabilization is the process of authentically preserving the structure in its present state and arresting further deterioration.

Rehabilitation must be authentic and accurately preserve and/or rehabilitate the structure in accordance with its appearance at the period in history for which the structure is historically significant.

Certified rehabilitation includes but is not limited to interior or exterior restoration, structural work and other necessary improvements in wiring, plumbing and other utilities, provided such devices existed in the structure in the period for which it is historically significant.

Landscaping expenses are not allowed unless they involve an historically accurate rehabilitation of a fully documented garden, garden walk or garden wall or when they involve the correction of a drainage problem which is adversely affecting the building.

### How To File

If you are completing this form for certification of expenses, complete documentation form on page 3, mail the form and "before and after" photographs of the rehabilitated portions of the structure to the Maryland Historical Trust, 100 Community Place, Crownsville, Maryland 21032-2023. The Trust will review your documentation and make its determination as to the allowable expenses and return the Form 502H to you with its complete or conditional approval. The approved expenses may then be amortized on page 1.

If you do not receive the certified form before the due date for filing your income tax return, you may use a copy of the form. The expenses claimed will be subject to audit and revision pending the completion of the certification by the Maryland Historical Trust.

If you are filing this form to amortize expenses certified by the Trust in a prior year, complete Worksheet A and attach it to your Maryland return.

The total subtraction for the year from Worksheet A, column 6 should be entered on line 14 of Form 502, line 23 of Form 505 or line 6 of Form 504.

**PART A SUBTRACTION  
DOCUMENTATION OF HISTORIC REHABILITATION**

(expenses prior to January 1, 1997)

Property name (if any) \_\_\_\_\_ Approximate date of construction \_\_\_\_\_

Address \_\_\_\_\_

Is your property listed in the National Register? \_\_\_\_\_ Date entered \_\_\_\_\_

Is your property within a National Register Historic District? \_\_\_\_\_

Name of district \_\_\_\_\_ Date entered \_\_\_\_\_

Is your property within a locally designated historic district? \_\_\_\_\_

Name of district \_\_\_\_\_ Date entered \_\_\_\_\_

Did your rehabilitation work require Historic District Commission concurrence? \_\_\_\_\_

Date approved \_\_\_\_\_

Is your property designated as an individual historic site by a certified local government? \_\_\_\_\_

Date designated \_\_\_\_\_

Is the property described above your legal residence? \_\_\_\_\_

**NOTE: IF "NO", YOU DO NOT QUALIFY FOR THIS SUBTRACTION**

Do you rent all or part of the property? \_\_\_\_\_

Do you operate a business on this property? \_\_\_\_\_

***Attach a detailed description of rehabilitation work and a summary of expenses.***

Have you consulted early pictures, written descriptions or research on similar buildings in your area, or otherwise attempted to ascertain the accuracy and adequacy of your rehabilitation? \_\_\_\_\_

**"BEFORE AND AFTER" PHOTOGRAPHS OF THE REHABILITATED PORTION(S)  
OF THE STRUCTURE MUST BE ATTACHED.**

***Do not submit photographs with your tax return***

Under the penalties of perjury, I declare that I have examined this form, including accompanying additional documentation, and to the best of my knowledge and belief it is true, correct, and complete.

\_\_\_\_\_  
Your signature and date

\_\_\_\_\_  
Spouse's signature and date  
(if subtraction applies to a joint return)

**Certification by Maryland Historical Trust**

\_\_\_\_\_  
Administrator of Project Review and Compliance

\_\_\_\_\_  
Chief of Office of Preservation Services

Expenses approved as submitted.

Expenses modified as detailed in attachment.

## Instructions for PART B CREDIT FOR HERITAGE PRESERVATION AND TOURISM AREAS

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### Who May File

A credit against state income tax based on a percentage of the amount expended in the rehabilitation of a certified heritage structure is provided for all taxable years beginning after December 31, 1996. The credit is available for owner-occupied residential property as well as income-producing property in Maryland or a reciprocal state. A reciprocal state is a state that has in effect a reciprocal historic rehabilitation tax credit program and agreement for taxpayers of that state who rehabilitate historic structures in Maryland.

### Allowable Expenditures

This credit is allowed for substantial rehabilitation expenditures incurred in a 24-month period. Substantial expenditures are those exceeding \$5,000 for owner-occupied residential property or the greater of the adjusted basis of the structure or \$5,000 for all other property. This is a one-time credit allowed for each certified substantial expenditure for the rehabilitation certified within the tax year. The certification must be obtained prior to the credit being allowed.

### Worksheet B

**Column 1, Part I** - Enter description and location of each certified heritage structure as shown on the Heritage Preservation Certification Application, completed after June 30, 2001

**Column 1, Part II** - Enter description and location of each certified heritage structure as shown on the Heritage Preservation Certification Application, completed prior to July 1, 2001. Also enter the description and location of each certified heritage structure located in a reciprocal state.

**Column 2, Part I** - Enter amount of total expenditures for each certified heritage structure certified after June 30, 2001.

**Column 2, Part II** - Enter amount of total expenditures for each certified heritage structure certified prior to July 1, 2001.

**Column 3, Part I** - Allowable rate 25%.

**Column 3, Part II** - Allowable rate (10% for 1997) (15% for 1998) (25% for all years after 1998).

**Column 4, Parts I & II** - Multiply column 2 by column 3 and enter the results.

**Credit Carryover, Part III** - Enter the amount of unused allowable credits from prior years.

**Credit Calculations** - Complete lines 1 through 6.

### Application of Credit

Credits from completed rehabilitation that was certified after June 30, 2001 for property located in Maryland (Part I of Part B) are refundable and should be claimed as follows:

Personal income taxpayers should enter the amount from line 5 on Part H, line 1 of Form 502CR. Corporations should enter the amount from line 5 on line 10d of Form 500 and fiduciaries on line 39 of Form 504.

Other rehabilitation expenditures are limited to the amount of state income tax after other credits are deducted. These expenditures are shown in Parts II and III of Part B. Enter the amount from line 4 of Part B on line 6, Part F of Form 502CR if filing Form 502 or Form 505. Enter the amount from line 4 of Part B on line 1 of Part G of Form 500CR if filing Form 500 or Form 504.

For personal income tax, this credit is limited to the amount of Maryland tax after application of earned income credits, poverty level credits and Form 502CR credits A through E. Any excess credit amount, other than credits from Part I, may be carried forward until the earlier of the full amount of the excess is used or the expiration of the tenth taxable year after the taxable year in which the certified rehabilitation is completed.

### Credit Transfer

The amount of any credit unused at the time of sale or transfer of the property may be transferred to the individual or business entity to which the building is sold or transferred.

In lieu of taking the heritage area tax credit, you may receive a mortgage credit certificate from the Maryland Historical Trust. The certificate may be transferred to your participating mortgage holder to receive a mortgage benefit to be allocated against your mortgage at your election. This is available for rehabilitation expenditures after December 31, 1998, and prior to July 1, 2001.

### Attachment of Forms

Attach your completed Form 502H along with a copy of the approved Heritage Preservation Certification Application to your tax return. Failure to do so will result in your credit being disallowed.

For questions concerning certification contact:

The Maryland Historical Trust  
100 Community Place  
Crownsville, Maryland 21032-2023  
410-514-7630

For questions concerning the credit computation contact:

Revenue Administration Division  
Annapolis, Maryland 21411-0001  
410-260-7980 from central Maryland  
1-800-MD TAXES from elsewhere

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## Instructions for PART C MORTGAGE CREDIT CERTIFICATES

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### Who May File

Banks and other lending institutions may claim a credit against their state income tax for mortgage credit certificates received from the owners of certified heritage preservation and tourism area properties.

Note: This credit is not available for expenditures completed and certified after June 30, 2001.

### Worksheet C

**Column 1** - Enter description and location of each property for which you have received a mortgage credit certificate.

**Column 2** - Enter the amount of credit shown on the certificate.

**Total** - Add amounts in column 2.

### Application of Credit

Enter the total from Worksheet C on Part G, line 2 of Form 500CR.

Any excess credit amount may be carried forward until the earlier of the full amount of the excess is used or the expiration of the tenth taxable year after the taxable year in which the rehabilitation is certified.

### Attachment of Forms

Attach your completed Form 502H and Form 500CR to your tax return. Failure to do so will result in your credit being disallowed.

For questions concerning certification contact:

The Maryland Historical Trust  
100 Community Place  
Crownsville, Maryland 21032-2023  
410-514-7630

For questions concerning the credit computation contact:

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