

# FORM 502H

# MARYLAND

## HERITAGE STRUCTURE REHABILITATION TAX CREDIT

For tax year beginning on or after January 1, 2008

# 2008

Name of taxpayer(s)	Taxpayer Identification number
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Check here if this credit is derived from an entity other than that shown above. Enter the entity's federal employer identification number. If from more than one entity, attach schedule. [ ] FEIN

- ◆ YOUR MARYLAND RESTORATION AND QUALIFIED COSTS MUST BE CERTIFIED BY THE MARYLAND HISTORICAL TRUST (MHT)  
Attach a copy of your approved Heritage Preservation Certification Application (Part 3) and Form 502H to your tax return.
- ◆ REMINDER: Do not send photographs to the Revenue Administration Division. All photographs are to be sent to the MHT at: 100 Community Place, Crownsville, Maryland 21032-2023  
For further information or to obtain applications, contact the MHT at 410-514-7628 or [www.marylandhistoricaltrust.net](http://www.marylandhistoricaltrust.net)

SECTION 1	Column 1	Column 2	Column 3	Column 4
Complete this section only if the certified rehabilitation was completed during tax year 2008.	MHT PROJECT NUMBER AND LOCATION OF PROPERTY	CERTIFIED REHABILITATION EXPENDITURES	MULTIPLY THE EXPENDITURES IN COLUMN 2 BY 20%	ENTER THE AMOUNTS FROM COLUMN 3 FOR EACH PROPERTY
<b>Part A:</b> FOR AN APPLICATION TO REHABILITATE A <b>NON-COMMERCIAL</b> STRUCTURE SUBMITTED TO THE MHT ON OR BEFORE JUNE 30, 2004				(\$3,000,000 MAXIMUM PER PROPERTY)
<b>Part B:</b> FOR AN APPLICATION TO REHABILITATE A <b>COMMERCIAL</b> STRUCTURE SUBMITTED TO THE MHT AFTER FEBRUARY 1, 2002				(\$3,000,000 MAXIMUM PER PROPERTY)
<b>Part C:</b> FOR AN APPLICATION TO REHABILITATE A <b>NON-COMMERCIAL</b> STRUCTURE SUBMITTED TO THE MHT ON OR AFTER JULY 1, 2004				(\$50,000 MAXIMUM PER PROPERTY)

**SECTION 2**

**Current Year Credit/Recapture:**

1. Enter the total from Column 4, Parts A, B, and C less any recaptures if applicable (see instructions) here and on:  
line 2, Part H of Form 502CR (if filing Form 502 or Form 505); or  
line 41 of Form 504 (if filing Form 504); OR  
line 10e of Form 500 (if filing Form 500). 1. [ ] [ ]  
If negative, enter the negative amount on the appropriate form.....

**Carryovers from Prior Years (see instructions):**

2. Enter any Heritage Structure Rehabilitation Tax Credit carried over from prior years. .... 2. [ ] [ ]

3. Enter the State tax from:  
line 24 of Form 502 (less amounts from lines 25 and 26 of Form 502 and lines 1 through 6, Part G of Form 502CR); OR  
line 32c of Form 505 (less amounts from lines 33 and 34 of Form 505 and lines 1 through 6, Part G of Form 502CR) ..... 3. [ ] [ ]

4. Non-refundable Heritage Structure Rehabilitation Tax Credit. Enter the lesser of line 2 or line 3. Also enter this amount on line 7, Part G of Form 502CR. .... 4. [ ] [ ]

5. Heritage Structure Rehabilitation Tax Credit carryover. Subtract line 4 from line 2. If less than 0, enter 0  
If it is greater than 0, it may be carried forward for up to 10 successive tax years from the year in which the rehabilitation was completed or until fully used, whichever is earlier..... 5. [ ] [ ]

# HERITAGE STRUCTURE REHABILITATION TAX CREDIT

## General Instructions

### Purpose of Form

The 2008 Form 502H is used to calculate allowable tax credits for the rehabilitation of certified heritage structures **completed** in the tax year which begins during the period of January 1, 2008 through December 31, 2008. This form is also used to determine the amount of any prior year Heritage Structure Rehabilitation Tax Credit which may be used this tax year and any remaining credit to carry over to future tax years.

### Certified Expenditures

Substantial rehabilitation expenditures incurred over a 24-month period must be certified by the Maryland Historical Trust (MHT). 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. The same expenditures may not be used to qualify for a credit in any other tax year or in more than one Part of Section 1.

Certification from the MHT must be obtained before the credit can be claimed. An amended return may be required if the original return is filed before the certification is received.

### Allowable Credit

A credit against state income tax for a percentage of the amount spent to rehabilitate a certified heritage structure is provided for all tax years beginning after December 31, 1996. Credit for a rehabilitation certified after June 30, 2001 may be refunded if the credit exceeds the State tax liability and the structure is located in Maryland.

Credit may only be carried forward to succeeding years if it is for a rehabilitation certified before July 1, 2001 for a structure located in Maryland, or before July 1, 2002 for a structure located in another state other than Maryland.

Subject to MHT approval for postponement, commercial rehabilitation certified between July 1, 2004 and June 30, 2007 must be completed in the fiscal year following the fiscal year in which the initial certificate was issued; commercial rehabilitation certified after June 30, 2007 must be completed within 30 months from the date of issuance of the initial certificate.

## Specific Instructions

### Section 1

**Part A** – Use Part A only if the rehabilitation involves a certified **non-commercial** heritage structure and the application was submitted to the MHT on or before June 30, 2004.

**Part B** – Use Part B only if the rehabilitation involves a certified **commercial** heritage structure and the application was submitted to the MHT after February 1, 2002.

**Part C** – Use Part C only if the rehabilitation involves a certified **non-commercial** heritage structure and the application was submitted to the MHT on or after July 1, 2004.

**Note:** If there is more than one property for which a credit is being claimed in any Part (A, B, or C), attach a schedule that includes the same information provided in Section 1 of this form for each property. The total of the amounts in Column 4 for all properties will be entered on line 1 of Section 2.

**Column 1 (Parts A, B, and C)** – Enter the MHT Project number and location of each property as shown on the Heritage Preservation Certification Application (Part 3).

**Column 2 (Parts A, B, and C)** – Enter the amount of certified expenditures for the property listed in Column 1.

**Column 3 (Parts A, B, and C)** – Multiply the expenditure shown in Column 2 by 20%. Enter this amount in Column 3.

**Column 4 (Parts A and B)** – For each property, enter the amount from Column 2 or \$3,000,000, whichever is less.

**Column 5 (Part C)** – For each property, enter the amount from Column 3 or \$50,000, whichever is less.

## Section 2

### Current Year Credit/Recapture

**Line 1** – Enter the total of the amounts in Column 4, Parts A, B, and C less the amount of any recaptures (see below). Also enter this amount on the appropriate line of the income tax form being filed: Line 2, Part H of Form 502CR (Forms 502 or 505); line 41 of Form 504; or line 10e of Form 500. If negative, enter the negative amount.

**Note:** If credit is allowed for multiple properties in any one Part (A, B, or C), the amount entered on line 1 should be the total of Column 4 for all rehabilitated properties.

### Recaptures

If work was performed that would disqualify any certification issued on or after July 1, 2001 for a heritage structure for which a credit was claimed, a portion of the credit must be recaptured. A recapture is required only if the disqualifying work was performed during the first 5 years (starting with the first year the credit was claimed). The recapture must be made on the tax return for the tax year in which the disqualifying work is done. In the first year, 100% of the credit must be recaptured, 80% in the 2nd, 60% in the 3rd, 40% in the 4th, and 20% in the 5th. No recapture is required for disqualifying work performed after the first 5 years. Line 1 of Section 2 must be reduced by the amount of the recapture; if the result is negative, enter the negative amount.

### Carryovers from Prior Years

This section is **only** used by individuals who file Forms 502 or 505 and had no carryover from a prior year for the Heritage Structure Rehabilitation Tax Credit on a Form 500CR (for business tax credits) filed in the prior year.

If Form 500CR was used to take the Heritage Structure Rehabilitation Tax Credit in a prior year, Form 500CR must be used to take any credit that remains. Form 500CR provides for the credit carried over from a prior year.

**Line 2** – Enter the amount of any Heritage Structure Rehabilitation Tax Credit carried over from prior years. This amount can be found on the Form 502H filed in the prior year.

**Line 3** – Enter the State tax from line 24 of Form 502 (less amounts from lines 25 and 26 of Form 502 and lines 1 through 6 from Part G of Form 502CR) or line 32c of Form 505 (less amounts from lines 33 and 34 of Form 505 and lines 1 through 6 from Part G of Form 502CR).

**Line 4** – Compare the amounts shown on lines 2 and 3. Enter the lesser of the two amounts on line 4. Also enter this amount on line 7, Part G of Form 502CR.

**Line 5** – Subtract the amount on line 4 from the amount on line 2. If less than 0, enter 0. If this amount is greater than 0, this is the new Heritage Structure Rehabilitation Tax Credit carryover. This amount may be carried forward for up to 10 successive tax years from the year in which the rehabilitation was completed or until it is fully used, whichever occurs first.

### Attachment of Forms

Attach your completed Form 502H along with a copy of the approved Heritage Preservation Certification Application (Part 3) to the income tax return. Failure to do so will result in the credit being disallowed.

### For questions concerning certification, contact:

The Maryland Historical Trust  
100 Community Place  
Crownsville, Maryland 21032-2023  
410-514-7628  
or [www.marylandhistoricaltrust.net](http://www.marylandhistoricaltrust.net)

### For questions concerning the credit calculation, contact:

Revenue Administration Division  
Annapolis, Maryland 21411-0001  
410-260-7980 from central Maryland, or  
1-800-MD TAXES from elsewhere  
or [www.marylandtaxes.com](http://www.marylandtaxes.com)