



# State Historic Preservation Office

South Carolina Department of Archives and History  
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## Frequently Asked Questions – Homeowner Tax Credits

### What is the tax credit and what are the benefits?

Taxpayers who rehabilitate their owner-occupied residence may be eligible to subtract 25% of the costs of many expensive repairs and renovations from their state income taxes. The South Carolina Historic Rehabilitation Incentives Act ([Section 12-6-3535](#)) benefits homeowners financially, preserves historic buildings, and enhances our local communities and the quality of life in our state.

EXAMPLE: An owner who meets the requirements of the tax credit program and spends \$40,000 on allowable 'rehabilitation expenses' for his/her home can earn:

$$\$40,000 \times 25\% = \$10,000 \text{ state income tax credit}$$

### Is my residence eligible for the credit?

Your building must meet both of these criteria:

- You must own and live in the building or a portion of the building that will be rehabilitated. It can be a house or another type of historic building, such as a school or store, that you are rehabilitating to live in. A historic outbuilding associated with your residence, such as a barn or a garage, can also be eligible for the credit. The credit does not apply to buildings or portions of buildings that are used in a trade or business or produce income.
- Your building must be one of the following:
  - listed individually in the National Register of Historic Places
  - contributing to a listed National Register historic district
  - determined eligible for individual listing in the National Register by the State Historic Preservation Office (SHPO)
  - an outbuilding that contributes to the significance of a property listed in the National Register

### Who do I notify?

Review and Approval by the SHPO is required before work begins!

Plans for the rehabilitation project must be approved by the SHPO to ensure that all work respects the historic character of the building while allowing for reasonable changes to meet today's needs. The SHPO must certify that all project work – including expenses that are not eligible for the credit – meet the [Secretary of the Interior's Standards for Rehabilitation](#). When the rehabilitation is completed, the SHPO must verify that the completed project is consistent with the previously approved proposal.

### What expenses qualify for the credit?

Money spent in the following categories may be counted as 'Rehabilitation Expenses' when calculating the amount of credit:

Preservation and rehabilitation work done to the exterior of a historic structure; Repair and rehabilitation of historic structural systems; Restoration of historic plaster; Energy efficiency measures except insulation in frame walls; Repair or installation of heating, air conditioning, or ventilating systems; Repairs or installation of electrical or plumbing systems exclusive of new electrical appliances and electrical or plumbing fixtures; and Architectural and engineering fees.

Allowable expenses do not include the cost of new construction beyond the volume of the existing building, the cost of acquiring or marketing the property, the value of an owner's personal labor, or the cost of personal property.

### **How much money must I spend to qualify?**

You must spend more than \$15,000 within 36 months on 'Rehabilitation Expenses' listed above. You do not have to complete your entire project within 36 months.

### **What "proposed work" does the SHPO need to review?**

State law states that the SHPO must review and certify that all "repairs, alterations, rehabilitation, and new construction" on the house and "the property on which it is located" meet the Secretary of the Interior's Standards for Rehabilitation. In other words, the SHPO must review and approve all project work before it begins, both rehabilitation work that qualifies for the credit and work that does not.

### **When can I claim the credits?**

The credit must be taken in installments, beginning with the year in which the property is 'placed in service' (meaning the rehabilitation is complete and the building is used as an owner-occupied residence). If placed in service after June 9, 2015, the installments equals 33% of the credit amount. If placed in service after June 30, 2003 before June 8, 2015 the credit installment equals 20% of the credit amount. If your tax credit installment for a year exceeds your tax liability you may carry the unused credit installment forward for up to 5 years. You will claim the credit by submitting South Carolina Department of Revenue form SC SCH. TC-22 with your state income tax return. The form is available on the [SCDOR website](#). A taxpayer may only claim 1 tax credit on the same building within a 10-year period.

### **How do I get started?**

1. Consult with your attorney or tax specialist to advise you on the tax aspects of the program and to help you determine the effect of the credit on your tax liability. While the goal of the tax credit is to preserve historic buildings, it is also an income tax program and taxpayers must meet South Carolina Department of Revenue (DOR) requirements.
2. Download the application packet, or contact the SHPO to request a copy through the mail. The application instructions and reference manual include instructions on completing the application forms, sample completed applications, and tips to guide you successfully through the review and approval process.
3. Complete the S1 and S2 portions of the tax application and submit them to the SHPO for review and approval BEFORE you begin work on your project.