Federal and Missouri State Tax Credits for the Rehabilitation of Historic Buildings (Rev. 11/2025)

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
What is a tax credit?	**A tax credit lowers the tax owed; one dollar of tax credits reduces the income tax owed by one dollar.** A tax credit differs from a tax deduction in that an income tax deduction lowers the amount of income subject to taxation.		
What tax credits are available for rehabilitation of historic buildings?	The federal **Historic Tax Credit (HTC)** provides an investment tax credit equal to 20% of **qualified rehabilitation expenditures (QREs).**	Within Kansas City and St. Louis the **Missouri HTC** provides an investment tax credit equal to 25% of **qualified rehabilitation expenditures (QREs).** Outside Kansas City and St. Louis, the tax credit is 35% of QREs EXCEPT when Low Income Housing Tax Credits (LIHTC) are also being claimed, in which case the HTC credit is 25%.	Federal and state credits can be combined for rehabilitation of commercial or income-producing property. Rehabilitation of owner-occupied residences qualifies for state credits only.
For the purpose of the credits, what makes a building "historic"?	To be eligible for either state or federal credits, a building must be "historic," i.e. • Be listed individually in the National Register of Historic Places (NR), or • Contribute to a National Register district, or • Contribute to a Local Historic District certified by the U.S. Department of the Interior as substantially meeting National Register criteria. For more on the National Register of Historic Places, see https://mostateparks.com/page/state-historic-preservation-office/nrhp For lists of individual sites and districts in Missouri listed in the National Register of Historic Places, see https://mostateparks.com/basic-page/missouri-national-register-listings-0 For lists of Missouri's certified local districts, see https://mostateparks.com/basic-page/missouris-certified-local-districts		The criteria for eligibility are the same for both the federal & state credits. For information on whether a building contributes to a district, please contact SHPO at 573-751-7858 or toll free at 800-334-6946.
Who is eligible to apply for the credit?	Only taxpayers (individuals or entities) are eligible to apply. Non-profit and government entities are not eligible.	Taxpayers and non-profit organizations are eligible to apply. Government entities are not eligible.	
Who administers the tax credit program?	The **National Park Service (NPS)** administers the program with the **Internal Revenue Service (IRS)** and in partnership with **State Historic Preservation Offices (SHPOs).**	The Missouri HTC program is administered by the **Business Opportunities Division** in the Missouri **Department of Economic Development (DED).**	The Missouri **State Historic Preservation Office (SHPO)** reviews rehabilitation projects for both federal and state applications.
What Standards must be followed to qualify for the credits?	In order to qualify for either state or federal credits, the rehabilitation project must follow the **Secretary of the Interior's Ten Standards for Rehabilitation**. The **SOI Standards** are included in both the state and federal tax credit application instructions and are available online at https://www.nps.gov/subjects/taxincentives/secretarys-standards-rehabilitation.htm		The SOI Standards are followed for both the state & federal programs.

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
Who reviews proposed work to ensure compliance with the SOI Standards?	SHPO reviews HTC applications and makes recommendations to NPS. NPS reviews projects and makes determinations; only NPS can approve a federal application. **Applicants should wait for signed approval from NPS before performing proposed work.**	SHPO reviews applications to ensure that the proposed work and the completed work meet the Secretary of the Interior's Standards for Rehabilitation. SHPO makes recommendations to DED, and DED issues determinations. **Applicants should wait for signed approval from DED before performing proposed work.**	Preliminary applications, amendments, and final applications all are subject to review by SHPO (& NPS for federal applications) for compliance with the SOI Standards.
What is the timeframe for review?	The review time for a complete application is generally 30 days at SHPO and 30 days at NPS. Review of Part 2 and Part 3 applications by NPS does not start until payment of the review fee has been received. (*There is no review fee for Part 1 applications and Amendments*.)	The review time for a complete application is generally 30 days at DED and 30 days at SHPO.	Should clarification or additional information be required, the clock would stop at that point and be started over once adequate information is supplied for review.
Are site visits conducted by SHPO?	SHPO will conduct a site visit whenever needed in order to complete review of an application. SHPO's HTC reviewers may make site visits to HTC projects **before** the start of work, **during** rehabilitation, or **after** the completion of a project. Participants in the state and federal HTC programs must allow SHPO to conduct site visits when they are deemed necessary. Participants also may request a site visit when seeking technical guidance on meeting the SOI Standards.		
What types of buildings qualify for the credits?	The federal credits are limited to income-producing, depreciable property only. The property may be commercial, agricultural, or residential rental property. A taxpayer's personal residence would NOT qualify for the federal credit.	State credits apply to income-producing property (including commercial, agricultural and residential rental property) AND to non-income-producing property. A taxpayer's personal residence can qualify for the state credit if the property is historic & if the minimum investment threshold is met.	Rehabilitation of owner-occupied residences qualifies for state but not federal historic tax credits. **Maximum credit allowed is $250,000 for owner-occupied rehabilitations.**
What if a building is not currently listed in the National Register?	Owners of buildings not yet listed in the National Register may use the federal application, Part 1, to request preliminary determination of significance from NPS. Although a determination allows the owner to proceed with rehabilitation while a NR nomination is pending, determinations are not binding & become final only when the building/district is listed in the NR.	Owners may submit their state tax project for review prior to a property being listed in the NR provided a draft NR nomination is under review by SHPO. State credits will not be awarded, however, until the property is formally listed in the NR. An owner may begin rehabilitation work prior to a property being listed, but they do so at their own risk.	For more information on listing properties in the National Register of Historic Places, contact SHPO at 573-751-7858 or toll free at 800-334-6946.
Is there a deadline to apply?	**No.** Applications are accepted year-round.	**No.** Applications are accepted year-round, though once the $90 million cap is allocated, no more large projects may receive credits during that fiscal year. Small projects are exempted from the cap.	

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
What rehabilitation work qualifies for the credits?	Construction-related costs and some soft costs qualify for the credits. Federal: https://www.irs.gov/pub/irs-sbse/qualified-rehabilitation-expenditures.pdf State: https://ded.mo.gov/media/pdf/qre-and-nqre-list		Costs of acquisition, furnishings, additions, new building construction, parking lots, sidewalks, and landscaping are not allowable expenses.
How do I apply for the program?	Federal HTC applications are submitted directly to SHPO for review. The federal guidelines and application forms are available online at the NPS website: https://www.nps.gov/subjects/taxincentives/historic-preservation-certification-application.htm	State HTC applications are submitted to DED using the submission management system or platform known as **Submittable**: https://ded.mo.gov/programs/community/historic-preservation-tax-credit-program-htc	
Is there a minimum investment that an owner must make to qualify for the credits?	**Substantial Rehabilitation Test (Federal):** The threshold requirement for the federal program is **the larger of $5,000 or the "adjusted basis" of a building** – essentially the current book value of the building – determined by taking the purchase price of the building & subtracting the value of the land. Any previously claimed depreciation is subtracted from this figure & the value of any previously made improvements is added to the figure. **A taxpayer's accountant can provide guidance on determining the basis of a property.**	**Substantial Rehabilitation Test (State):** The threshold requirement is **50% of the basis**. "Basis" is defined as the cost, or fair market value of the property at the time of acquisition, or as otherwise defined in the United States Internal Revenue Code.	Since federal credits use "adjusted basis" while state credits use "basis" for determining the threshold, some taxpayers seeking both credits may find their projects meet one but not the other of the threshold requirements.
Is there a deadline for project completion?	**No.** You must meet the **substantial rehabilitation test** within a 24-month measuring period of your choosing, but the length of a rehabilitation is not limited to 24 months. For phased projects a 60-month measuring period may be substituted for the 24-month measuring period. See https://www.irs.gov/businesses/small-businesses-self-employed/rehabilitation-credit-historic-preservation-faqs	**No.** Ten percent of estimated costs of rehabilitation must be incurred within 24 months of authorization. The exception to that rule is for buildings that are at least 1 million square feet; for those projects, 10 percent of estimated costs of rehabilitation must be incurred within 36 months of authorization.	

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
Is the program competitive?	**No.**	**Yes and No.** Small projects (those seeking less than $275,000 in tax credits) are not competitive. Large projects (those seeking $275,000 or more in tax credits) are scored. Any project receiving a score of 70 or above is eligible to receive the credit.	For the State Credit, historic schools and theaters are exempted from scoring even when they are large projects.
Is there a cap on the tax credits?	**No.**	**Yes.** Small projects are capped at $274,999.99 in tax credits. Overall the state tax credits are capped at $90 million total. An additional $30 million is set aside for HTC projects located in Qualified Census Tracts (QCTs).	
Is phasing permitted?	**Yes.** A phase is a stage or component of work that constitutes a discrete and distinguishable portion of the overall scope of work, such that each phase can be completed and reviewed independent of the other phases. Phased projects may use a 60-month **measuring period** instead of 24 months.	**Yes.** For combined federal and state applications, the state application is **not** required to be phased just because the federal application is phased.	Phases must be defined at the beginning of the project, and should be outlined in the preliminary application.
Can the credits be sold?	**No. Federal credits cannot be sold.**	**Yes.** The applicant must complete a MO-TF Form and submit the form using the instructions on the form. This is a **Department of Revenue (DOR)** form.	State tax credits must be sold for at least 75% of transferred credit value.
Can tax credits be carried over?	**Yes.** If a taxpayer's tax liability in a given year is less than the amount of the federal tax credit, the credit can be carried back 1 year & carried forward 20 years. Credits are awarded over a 5-year period.	**Yes.** The state credits can be carried back 3 years & carried forward 10 years. The credits are to be claimed against state taxes imposed pursuant to chapters 143 & 148 RSMo, except for sections 143.191 to 143.265, RSMo.	**Applicants should consult a qualified accounting professional or tax attorney for financial or tax advice.**
When is the tax credit claimed?	Only 20% of the credit can be taken in any one year, so it is distributed over a 5-year period. The tax credit must be claimed for the tax year in which the rehabilitated building is placed in service. **If the credit is not taken for the year that the building is placed in service, the credit for that year is forfeit.**	The state tax credits must be claimed on a MO-TC form. How the credit is claimed and the requirements of the form are handled by the **Missouri Department of Revenue (DOR).**	

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
Can a project utilize multiple investors?	Answers to questions on the federal Rehabilitation Credit can be found on the IRS website at https://www.irs.gov/businesses/small-business-self-employed/rehabilitation-credit	**Yes.** State law permits distribution of credits to investors based on a pro-rata basis or executed agreement among the investors.	**Applicants should consult a qualified accounting professional or tax attorney for financial or tax advice.**
Are there restrictions that limit the use of credits?		The applicant will need to work with MO-DOR when claiming the credit.	
Are there recapture provisions?	**Yes.** The owner must retain the property for 5 years after placing it in service. Any changes made to the property during the recapture period are subject to SHPO and NPS review. If the owner sells the property within the 5-year period, 20% of the credit will be recaptured for each year remaining.	**No.** However, the applicant should not sell the property until the final application has been reviewed by SHPO **and** the applicant has received signed approval of their final application from DED.	For Federal projects, SHPO & NPS are permitted to inspect a property within the 5-year recapture period & the certificate can be revoked if it is found that work was not carried out as certified.
What are the parts and pieces of an HTC application?	A three-part application is required. **Part 1** is used to determine if the building is historic. **Part 2 (preliminary)** outlines proposed rehabilitation work in detail. **Part 3 (final)** is submitted once rehabilitation work is complete. **Amendments** are required if changes to the scope of work are proposed. A Part 1 application is **not** required if the historic property is a single building individually listed in the National Register.	A two-part application is required. **Part 1 (preliminary)** is used to determine if the building is historic, AND it outlines proposed rehabilitation work in detail. **Part 2 (final)** is submitted once rehabilitation work is complete. **Amendments** are required if changes to the scope of work are proposed.	**For combined federal and state applications:** a federal amendment will serve for both the federal and state applications; and a federal determination will be applied to the state application without additional review.
What is the process for obtaining the credits?	When the project is complete the applicant submits the Part 3 (final) application to SHPO. After SHPO reviews the Part 3, it is forwarded to NPS with a recommendation. NPS issues the final certification, which should be filed with the taxpayer's federal income tax return during the year the building is placed in service.	When the project is complete the applicant submits the Part 2 (final) application to DED. After SHPO reviews the Part 2, it is forwarded to DED with a recommendation. Once cost certification is complete, DED will provide the taxpayer with the documentation to be submitted with the taxpayer's state income tax return.	It is strongly recommended that an owner seeking BOTH federal & state credits apply for federal credits first. Once a project has been reviewed & approved at the federal level, no subsequent state review is required.

	FEDERAL CREDIT	STATE CREDIT	COMMENTS
Are fees charged for participation in the tax credit programs?	**Yes,** there is a fee for projects costing $80,000 or more. NPS charges in advance for application review based on the anticipated cost of the project. Fees range from $845 for projects costing $80,000 to $6,500 for projects costing $3.85 million or more.	**Yes.** DED will collect a fee of 4% of the tax credit amount to be issued; this is known as the Historic Tax Credit Issuance Fee. The amount will be determined and the fee collected AFTER final certification, but prior to the issuance of the tax credit.	NPS handles billing for federal project review. DED determines both credits and fees based on costs submitted AFTER final certification.

Apply BEFORE beginning work on a project. Pre-consultation is strongly recommended so SHPO may advise applicants on compliance with the SOI Standards. **Carefully read and follow the program application & instructions.** Don't become too attached to your proposed plan and treatments; these may have to change in order to meet the Standards.

Photograph your building inside & out BEFORE beginning work, and photograph the **entirety of the site and environment**. Without **preliminary photographs** it may be impossible to review a project. A photo-documentation instruction sheet for state applications can be found online at https://ded.mo.gov/media/pdf/htc-shpo-photo-instructions. For federal applications follow the federal Application Instructions dated **"(Rev. 6/2023)"** at https://www.nps.gov/subjects/taxincentives/upload/hpca-instructions-6-2023.pdf

Read & follow the "Secretary of the Interior's Standards for Rehabilitation" & consult with SHPO for information on interpreting the Standards, online at https://www.nps.gov/subjects/taxincentives/secretarys-standards-rehabilitation.htm

It is STRONGLY RECOMMENDED that the advice of a qualified tax professional be sought before proceeding with any tax credit rehabilitation project.

For more information about the federal Historic Preservation Tax Incentives program refer to the National Park Service website:

- General Information: https://www.nps.gov/subjects/taxincentives/index.htm
- Eligibility Requirements (includes calculating the adjusted basis): https://www.nps.gov/subjects/taxincentives/eligibility-requirements.htm
- Planning Successful Rehabilitation Projects: https://www.nps.gov/subjects/taxincentives/planning-successful-rehabilitation.htm

For more information regarding the Missouri Historic Tax Credit program refer to the Department of Economic Development website:

https://ded.mo.gov/programs/community/historic-preservation-tax-credit-program-htc

Contact Information:

Missouri SHPO
1659 E. Elm St.
Jefferson City, MO 65101
573-751-7858 or
1-800-334-6946

Missouri DED
Business Opportunities Division
301 W. High Street
Jefferson City, MO 65101
573-522-8004

National Park Service
(202) 513-7270
email: NPS_TPS@nps.gov
www.nps.gov/tps
www.nps.gov/subjects/taxincentives/index.htm

Internal Revenue Service
Maria Blake
(954) 991-4132
email: maria.blake@irs.gov

The Missouri State Historic Preservation Office is a program of the Division of State Parks in the Missouri Department of Natural Resources.