

Historic Natchez Foundation

Quick Guide to the Historic Rehabilitation Tax Credits

	Mississippi State Credit	Federal Tax Credit
Private Residences	Yes	No
Income-producing Buildings Residential Rental or Commercial	Yes	Yes
Listed in National Register Individually or in district	Yes	Yes
Amount of Tax Credit	25%	20%
Income-producing Buildings Residential Rental or Commercial Minimum Amount of Investment	\$5,000 or 50% of the adjusted basis, whichever is greater	\$5,000 or 100% of the adjusted basis, whichever is greater
Compliance Period	0	5 years

Example: Federal and State Combined Tax Credits/Income-Producing Property

Purchase Price	\$125,000
Less Value of lot	25,000
Adjusted Basis	\$100,000
Project Cost	\$100,000
Less 20% Federal Tax Credit	\$ 20,000
Less 25% State Tax Credit	\$ 25,000
Project Cost after Tax Credits	\$ 55,000

The rehabilitation tax credits represent a dollar for dollar reduction in taxes owed.

The approval process involves one application for both federal and state.

The application for the state and federal tax credits requires before and after photographs. If taking both the federal and state credits, the applicant has only to submit the federal application, which is first reviewed by the Mississippi Department of Archives and History and then forwarded by Archives and History to the National Park Service in Washington for federal review. Each agency provides an approval letter with project number to be filed with the property owner's state and federal tax returns.