TAX CREDIT FREQUENTLY ASKED QUESTIONS

What is a tax credit?

The historic homeowners' tax credit is a dollar-for-dollar reduction in what you owe in Wisconsin income taxes. The amount of the credit is 25 percent of your costs of carrying out eligible work. If your credit is larger than the amount that you owe in state income taxes, you can carry the unused credit balance into future tax years (up to 15 years into the future) until the credit is used.

How does the program work?

Homeowners apply by submitting a tax credit application. Once approved, the work is carried out, tax credits are applied, and then your project is closed. Please review our detailed steps.

NOTE: You have two years to carry out eligible work that exceeds $10,000. If at the beginning of the project you think you will have trouble meeting that requirement, you can apply for a five year project period when you submit your application using the "Request for Five-Year Project Phasing" form with your application. The statutes require that you send this form when you first apply. Otherwise, your project cannot go beyond the standard two-year period.

What kinds of work are eligible for tax credits?

Wisconsin statutes define five categories of work eligible for the tax credit:

- The exterior of a historic property
- The interior of a window sash (if work is done to the exterior of the window sash)
- Structural elements of a historic property
- Heating and ventilating systems
- Electrical or plumbing systems, but not electrical or plumbing fixtures

What if I'm not certain about whether some of the work is eligible for the credit?

The Wisconsin Historical Society has very limited authority to determine whether work is, or is not, eligible. The ultimate authority is with the Wisconsin Department of Revenue. You should treat this like any other item on your income taxes — claim what you feel are legitimate, eligible expenses and be prepared to support your claims.

What is a project?

A project includes all of the work that you list in the application. For example, your application might include roof work, painting, and a new furnace. These items would comprise a "project."

Will the tax credit reduce my property taxes?

No. This is an income tax credit. It does not affect property taxes.

Can I apply for a tax credit if the work is also covered by an insurance claim?

Rehabilitation costs paid for with insurance proceeds or reimbursements are generally not considered to be paid for by the taxpayer. According to the Wisconsin Department of Revenue, *only rehabilitation costs paid for by the taxpayer are eligible for the credit*. For example, if you collect money from your insurance company to replace a hail-damaged roof, you cannot use the insurance money to install a new roof and also claim the tax credit for your roof expenses. For questions, applicants should consult a qualified tax preparer.

Taken from:

https://www.wisconsinhistory.org/preserve/state-historic-preservation-office/historic-rehabilitation-tax-credits/homeowner-historic-tax-credit/#tc-general