

# Instructions for 2020 Form HR-T

## GENERAL INSTRUCTIONS

### Purpose of Form HR-T

Use Form HR-T to notify the department of the intent to transfer Wisconsin's supplement to the federal historic rehabilitation credit and request certification of ownership of the credit to be transferred. Upon approval of the transfer, the department will issue a Notice of Certification letter to the transferor.

### Five-Year Credit Claim Requirement

For taxable years beginning on or after January 1, 2018, the supplement to the federal historic rehabilitation credit must be claimed ratably over a five-year period beginning with the year the building is placed in service; however, there is a transitional rule that allows the full credit to be claimed for qualified rehabilitation expenditures incurred on a building that is owned or leased at all times on or after January 1, 2018 if the taxpayer selected the 24- or 60-month period measuring period by June 20, 2018.

### When to File

Form HR-T may be submitted at any time. Do not file Form HR-T with your Wisconsin income or franchise tax return. In order for a purchaser to use a certified amount of credit to offset tax due for a taxable year, the purchase must occur prior to the end of the purchaser's taxable year.

Only one-fifth of the credit may be transferred each year unless the transition rule applies. If a claimant wants to transfer the entire credit, the department will issue a Notice of Certification letter indicating the total amount of credit and, unless the transition rule applies, the amount that may be transferred ratably over the five-year period.

### How to File

Do not file Form HR-T with your Wisconsin income or franchise tax return. Instead, **both the transferor and transferee must do the following:**

- For transfers subject to the transition rule (credit not required to be claimed ratably over a five-year period), **both the transferor and transferee must include Schedule HR with their respective tax returns** to report the completed transfer.
- For transfers not subject to the transition rule (credit required to be claimed ratably over a five-year period), **the transferor must include Schedule HR-5 with Form HR-T**. Schedule HR-5 is used by a transferor to claim all five years of historic tax credit at the same time. This eliminates the need for the transferor to file a Schedule HR each year for the next five years. The transferee must include Schedule HR with his or her respective tax return each year for five years to report the completed transfer.

Email Form HR-T to: [craig.kvammen@wisconsin.gov](mailto:craig.kvammen@wisconsin.gov) or

Mail Form HR-T to:

Wisconsin Department of Revenue  
Office of Technical Services - Division of IS&E  
PO Box 8933  
Madison WI 53708-8933

### Timing

The department will review the information after Form HR-T and the required attachments have been submitted. If the proper information is received, and all requirements are met, the transferor will receive a Notice of Certification letter within 30 days. The transferor may provide a copy of the Notice of Certification letter to the purchaser as evidence that the credits have been certified by the department for transfer to the purchaser. **If you cannot submit Form HR-T by December 1, please contact us so that we may work with you to ensure the Notice of Certification is issued before December 31**

## SPECIFIC INSTRUCTIONS

### Sections A and C

**Identifying number.** Enter the last four digits of the federal employee identification number (FEIN) or the last four digits of the social security number for an individual not required to obtain a FEIN.

A Power of Attorney (Form A-222) executed by the taxpayer is required in order for the taxpayer's representative to perform certain acts on behalf of the taxpayer and to receive and inspect certain tax information, including receiving the Notice of Certification letter. The form is available at [revenue.wi.gov/DORForms/a-222.pdf](https://revenue.wi.gov/DORForms/a-222.pdf)

**Third Party Designee** - As an alternative to appointing a Power of Attorney, you may designate a third party to discuss the processing of Form HR-T. **Note:** The third party designee cannot receive the Notice of Certification letter on behalf of the taxpayer. If you want to allow another person you choose to discuss your 2020 Form HR-T with the Department of Revenue, check the box. If you check the box, you are authorizing the department to discuss with the designee any questions that may arise, and the designee to provide additional information to the department.

### Section D

**Lines 1a and 1b** – Check the appropriate box to indicate if the credit is being claimed based on when qualified rehabilitation expenditures are paid or when the qualified rehabilitation work is completed.

**Lines 1c and 1d** – Enter the dates you selected on which the 24 or 60-month measuring period begins and ends under Internal Revenue Code section 47(c)(1)(B)(i) and (ii).

**Line 1e** – Enter the total amount of qualifying expenditures incurred on the project to date.

**Line 1f** – Enter the amount of qualified rehabilitation expenditures you are including in the credit computation for the current taxable year, based on the election you indicated on line 1a or 1b. If you are claiming the credit based on when the rehabilitation work is completed, fill in the total qualified rehabilitation expenditures for the project. If you are claiming the credit based on when the expenditures are paid, only fill in the qualified rehabilitation expenditures paid during the taxable year.

**Line 2** – The credit is equal to 20% of the qualified rehabilitation expenditures for the current taxable year. Multiply line 1f by 20% (.20) and enter the result.

**Line 3** – Pursuant to secs. 71.07(9m)(cm), 71.28(6)(cm), and 71.47(6)(cm), Wis. Stats., the Wisconsin supplement to the federal historic rehabilitation credit must be claimed at the same time as federal purposes, which is ratably over a five-year period. As a result, one-fifth of the Wisconsin tax credit may be claimed each year beginning with the year the building is placed in service. A transitional rule allows the full credit to be claimed for qualified rehabilitation expenditures incurred on a building that is owned or leased at all times on or after January 1, 2018 if the taxpayer selected the 24-or 60-month period measuring period by June 20, 2018.

If a claimant wants to transfer the entire credit, the department will issue a Notice of Certification letter indicating the total amount of credit and, unless the transition rule applies, the amount that may be transferred and claimed ratably over the five-year period. Completing lines 3a through 3e allows the claimant to transfer the entire credit on one Form HR-T.

**Line 4** – If the credit you received was passed through from a tax-option (S) corporation, partnership, limited liability company treated as a partnership or tax-option (S) corporation, or an estate or trust on Schedules 5K-1, 3K-1, or 2K-1, enter the name of the entity, FEIN, and amount of credit.

If the credit you received was transferred from another taxpayer on Form HR-T, enter the name of the taxpayer and the amount of credit you received.

**Line 5** – Enter the amount of unused credit from Schedule CF that you wish to transfer. Include a copy of Schedule CF with your tax return.

**Line 6** – If the transition rule applies (credit not required to be claimed ratably over a five-year period), add lines 2, 4d, and 5. If the transition rule does not apply (credit required to be claimed ratably over a five-year period), add lines 3f, 4d, and 5.

**Line 7** – Enter the amount of credit from line 6 you elect to transfer to another taxpayer. The credit may be transferred in whole or in part.

**REQUIRED ATTACHMENTS**

You must include with Form HR-T:

- A copy of the certification agreement with the Wisconsin Economic Development Corporation.
- A copy of the proposed transfer documents (for example, a sales agreement).
- For a credit passed through from a partnership, tax-option (S) corporation, estate, or trust, a copy of Schedule 3K-1, 5K-1, or 2K-1 (if available).
- For a credit passed through from a partnership or LLC treated as a partnership that is allocated per a written agreement, a copy of the agreement.
- Schedule HR-5 if the credit being transferred must be claimed ratable over a five-year period.

**ADDITIONAL INFORMATION**

- For more information, you may:
- Access Common Questions at [revenue.wi.gov/Pages/FAQS/pcs-historic\\_transfer.aspx](https://revenue.wi.gov/Pages/FAQS/pcs-historic_transfer.aspx)
- Call (608) 266-7177 or email [craig.kvammen@wisconsin.gov](mailto:craig.kvammen@wisconsin.gov)