

2024 Form HR-T Instructions

Purpose of Form HR-T

Use Form HR-T to notify the department of the intent to transfer a Wisconsin supplement to the federal historic rehabilitation credit. Upon approval of the transfer, the department will issue a Notice of Certification indicating the ownership of the credit has been transferred.

Form HR-T does not apply to the State Historic Rehabilitation Credit available for the rehabilitation of personal residences. This credit is not transferrable.

A credit cannot be transferred until the credit owner officially claims the credit. 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 in the same year the credit is claimed for federal purposes if a federal credit is being claimed.

Timing for Claiming and Transferring the Credit

Claiming the credit

See the Schedule HR-5 instructions for additional details regarding calculating and claiming the credit.

When the credit is calculated using Qualified Rehabilitation Expenditures (QREs) paid or incurred before December 31, 2017, and the transition rule applies, 100% of the credit is claim in the year calculated. Schedule HR is used to claim the credit and is attached to the Wisconsin tax return in the year calculated.

When the credit is calculated using Qualified Rehabilitation Expenditures (QREs) paid or incurred after December 31, 2017, and the transition rule does not apply, the credit must be claimed over a 5 year period. Schedule HR is used to report 20% of the calculated credit and is attached to the Wisconsin tax return beginning with the year the credit is calculated and for the following four years unless the credit is transferred.

When a credit subject to the 5 year spread is transferred before 100% of the credit has been claimed (before filing Schedule HR for the year the credit is calculated and the following 4 years), any amount of the transferred credit not yet claimed is reported on Form HR-5. This removes a claimant's requirement to file a Schedule HR for a credit that is no longer owned.

The transitional rule applies to a rehabilitated building when **(1)** the claimant is the owner for the entire period after December 31, 2017, **and (2)** the 24-month or 60-month measurement period used to determine if a building is substantially rehabilitated must have begun no later than June 20, 2018.

Transferring the Credit

All or part of the credit can be transferred in any year beginning with the first year the credit is claimed and for any of the following 14 years.

Example 1

In 2016 Bob incurred \$95,000 of QRE's eligible for a \$19,000 Wisconsin Supplement to Federal Historic Rehabilitation Credit. When Bob filed his 2016 Wisconsin tax return he included Schedule HR to claim 100% of the credit. Bob used \$1,000 of the credit to offset his personal tax liability for each of the years 2016 to 2023. In 2024 when Bob submits Schedule HR-T to the department of revenue to transfer the remaining \$11,000 of credit, no Schedule HR-5 is required.

Example 2

In 2019, Bob incurred \$95,000 of QRE's eligible for a \$19,000 Wisconsin Supplement to Federal Historic Rehabilitation Credit. With each of Bob's 2019 through 2023 Wisconsin tax returns he included a Schedule HR to claim 20% of the credit in each year and has not used or transferred any of the credit as of December 31, 2023. Bob can transfer any credit amount before the 15 year expiration dates as illustrated below and Schedule HR-5 is not required.

<u>\$19,000 Total Credit calculated in 2019</u>		
<u>Year Claimed</u>	<u>Claimed Amount</u>	<u>Expires December 31</u>
2019	\$ 3,800	2034
2020	\$ 3,800	2035
2021	\$ 3,800	2036
2022	\$ 3,800	2037
2023	\$ 3,800	2038
	<u>\$ 19,000</u>	

Example 3

In 2022 Bob incurred \$95,000 of QRE's eligible for a \$19,000 Wisconsin Supplement to Federal Historic Rehabilitation Credit. When Bob filed his 2022 Wisconsin tax return he included Schedule HR to claim 20% of the credit. Bob used \$1,000 of the credit to offset his personal tax liability for each of the years 2022 and 2023. In 2024 when Bob submits Schedule HR-T to the department of revenue to transfer the remaining credit balance, \$17,000. Schedule HR-5 is required to claim the remaining unclaimed balance of \$11,400.

Example 4

In 2024 Bob incurred \$95,000 of QRE's eligible for a \$19,000 Wisconsin Supplement to Federal Historic Rehabilitation Credit. Prior to filing his 2024 Wisconsin tax return Bob submits Schedule HR-T to the department of revenue to transfer the entire credit, \$19,000. Schedule HR-5 is required to be attached to Form HR-T to claim the entire \$19,000 and Schedule HR is not required to be attached to Bob's 2024 Wisconsin tax return.

When to File

- Form HR-T is a stand-alone form and is not submitted with a Wisconsin income or franchise tax return.
- Form HR-T may be submitted at any time, **however**, submissions after November 1st may not be approved before December 31st.

Important limitations

- If the QREs also produce a federal historic rehabilitation credit, the credit cannot be claimed in a different taxable year than federal historic rehabilitation credit.
- A transferred credit is first available to be claimed by the purchaser for the taxable year in which it is purchased or transferred.
- A transferred credit cannot be used to offset the tax liability of the transferee for a period that ends prior to the end of the transferee's taxable year.
- The transfer is not considered to be completed prior to,
 1. the transferor receiving the funds from the transferee
 2. the date indicated on the Notice of Certification

The Process

1. The transferor sends Form HR-T and all required documentation to the Department of Revenue.
 Email Form HR-T to: dorhistoriccredit@wisconsin.gov or call 608-264-6890 for information on how to use the department's secure drop-box. Do not file Form HR-T with your Wisconsin income or franchise tax return.

2. The department reviews the application and responds to the transferor if
 - additional information is needed
 - the transfer request is denied
 - the transfer is approved
3. If the transfer request is approved, the transferor receives a Notification of Certification and must send the Notice to the transferee. The Department of Revenue cannot send the Notice to the transferee. The Notice contains the information a transferee needs to claim ownership of the transferred credit. If the transfer request is not approved, the transferor may appeal.

4. The transferor sends a copy of the Notice to the transferee.

Form HR-T is not submitted with a Wisconsin income or franchise tax return. Instead, both the transferor and transferee must attach the Notification of Certification. Additionally, the transferee attaches Schedule HR or HR-5 to claim the credit available in the current year.

Specific Line Instructions

Section A – Transferor Information

Lines (2) and (7) – Identifying number. Only the last four digits are required.

If the transferor is:

- A corporation or a single member LLCs that is not disregarded use the federal employee identification number (FEIN).
- An Individual use the social security number.
- A sole member of a disregarded entity otherwise eligible to claim the credit, use the sole member's identifying number on line (2). Check the line (6) box and enter the disregarded entity's FEIN on line (7). If the disregarded entity does not have a FEIN, enter NONE.

Lines (5) and (9) - Contact information

- The department will use this information if additional information is required.
- The transferor may authorize a third party designee to discuss credit related information with the department by completing lines (8) and (9). However, a Power of Attorney may still be required.
- 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.
- 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. To allow another person to discuss your Form HR-T with the Department of Revenue, check the box. Checking this box authorizes the department to discuss with the designee any questions that may arise, and the designee to provide information to the department.

Section B - Transferee Information

If the transferee is:

- A corporation, partnership or a single member LLCs that is not disregarded enter the last four digits of the federal employee identification number (FEIN) on line (2).
- An Individual enter the last four digits of the social security number on line (4).
- A sole member of a disregarded single member LLC that is an eligible claimant, enter the member's information on line 3, check the box on line 5 and enter the LLCs FEIN on line 6. If the disregarded entity does not have a FEIN, enter NONE.

Required Attachments

- 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 include a copy of the administrative document/s indicating how the credit is to be allocated. The allocation may be the same as the ownership interest or as provided in a written agreement.
- Schedule HR-5 if the credit being transferred must be claimed ratable over a five-year period.
- Schedule HR if all or part of the transferred credit is claimed in the current year and not required to be claimed over five years.

Additional Information

For more information, you may:

Access Common Questions at revenue.wi.gov/Pages/FAQS/pcs-historic_transfer.aspx

Call (608) 264-6890 or email Kelly.Vandenbranden@wisconsin.gov

Note: Submissions after November 1st may not be approved before December 31st

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of the date of the revision: [Chapter 71](#), Wis. Stats.