

Internal Revenue Service

Department of the Treasury

Washington, DC 20224



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Re: Request for General Information



This letter responds to your April 20, 2000, request for information concerning the availability of the historic rehabilitation tax credit for the restoration of an ocean liner listed on the National Register. The general information provided below is advisory only and does not represent the views of the Internal Revenue Service regarding the application of the law and precedents to the facts of a specific case.

Section 47(a) of the Internal Revenue Code ("Code") provides that the rehabilitation credit for any taxable year is the sum of 1) 10% of the qualified rehabilitation expenditures with respect to any qualified rehabilitated building other than a certified historic structure, and 2) 20% of the qualified rehabilitation expenditures with respect to any certified historic structure.

Section 47(c)(3)(A) of the Code provides that a certified historic structure is any building listed on the National Register of Historic Places.

Section 47(c)(2)(A) of the Code provides that qualified rehabilitation expenditures include amounts properly chargeable to capital account made in connection with the rehabilitation of a qualified rehabilitated building.

Section 47(c)(1)(A) of the Code provides that a qualified rehabilitated building is a depreciable building that has been substantially rehabilitated and was placed in service before the beginning of the rehabilitation.

Examination of the preceding Code sections indicates that the rehabilitation credit is only available for rehabilitations of existing buildings. While structures other than buildings can be listed on the National Register, section 47(c)(3)(A) makes clear that, for purposes of the rehabilitation credit, only buildings listed on the National

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Register can be certified historic structures. Further, section 47(c)(1)(A) provides that, in order to be eligible for the rehabilitation credit, the rehabilitated building had to have been placed in service prior to the rehabilitation. In other words, to be considered a qualified rehabilitated building, the rehabilitated building must have been placed in service as a building before the rehabilitation.

The preceding discussion is consistent with the legislative purpose of the rehabilitation credit, which is to encourage the preservation of older and historic buildings, and the revitalization of neighborhoods.

We hope this general information is of assistance to you. If you have any questions regarding this matter please contact [REDACTED] at (202) 622-3110.

Sincerely yours,

Charles B. Ramsey
Chief, Branch 6
Office of Associate Chief Counsel
(Passthroughs and Special Industries)