

Instructions for Form 3614

Michigan Business Tax Historic Preservation Credit Assignment and Reassignment

Purpose

To allow Michigan Business Tax (MBT) filers to assign the Historic Preservation Credit. The Historic Preservation Credit provides tax incentives to rehabilitate historic resources located in Michigan. The credit is calculated on the *Michigan Historic Preservation Tax Credit* (Form 3581). The *MBT Historic Preservation Credit Assignment and Reassignment* (Form 3614) also is used to assure that no more than \$3,000,000 of Special Consideration Credit is claimed per year for a single project.

Assignment of the Credit

A qualified taxpayer may assign all or a portion of its credit to any assignee. The credit assignment cannot be revoked, but an assignee may subsequently reassign a credit, or any portion of an assigned credit, to one or more assignees.

Both the initial assignment of the Historic Preservation Credit by the qualified taxpayer to the first assignee(s) and the subsequent reassignment by the first assignee(s) to reassignee(s) must be done in the tax year in which the certificate of completed rehabilitation is issued. An assigned credit amount must be claimed against the assignee's MBT or Individual Income Tax (IIT) liability in the assignee's tax year in which the assignment is made.

Once the assignment is approved, the assignor will receive a separate approval letter from the Michigan Department of Treasury (Department) for each assignee. The assignor must furnish each assignee with the approval letter to attach to the assignee's tax return. If the assignor is retaining a part of the credit, the assignor also will receive an approval letter to be attached to the copy of the assignor's return.

A separate Form 3614 must be completed for each project.

Historic Preservation Credit

The Historic Preservation Credit must be claimed in the year that the certification of completed rehabilitation of the historic resource is issued.

Taxpayers may receive a Basic Michigan Credit equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under IRC § 47(a)(2), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed. For example, if the amount of the federal credit is 20 percent, the state credit is 5 percent of the qualified expenditure.

Public Act 448 of 2008 amended the Historic Preservation Credit to allow a qualified MBT taxpayer to take one of two additional credits for tax years that begin on or after January 1, 2009.

The first, the Enhanced Credit, is equal to a percentage of qualified expenditures, not to exceed 15 percent, established in a preapproval letter issued by the State Historic Preservation Office (SHPO). The total of all Enhanced Credits awarded is capped at \$8,000,000 in calendar year 2009, increasing annually to \$12,000,000 in calendar year 2013.

The second, the Special Consideration Credit, is equal to a percentage of qualified expenditures, not to exceed 15 percent, recorded on the certificate of completion awarded by SHPO and may be awarded to three taxpayers in calendar year 2009, and to two in each of calendar years 2010, 2011, 2012, and 2013. Special Consideration Credits are granted to rehabilitation plans expected to have a high community impact and to have significantly greater historic, social, and economic impact than those plans that earn Enhanced Credits. There is no annual dollar cap on the amount of Special Consideration Credits that may be awarded in a calendar year, however, the maximum amount of credit that may be claimed during a tax year is \$3,000,000 per project, with the excess being carried forward until used up.

The Enhanced and Special Consideration Credits are available in addition to the Basic Credit.

The Historic Preservation Credit is generally a nonrefundable credit. If the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years. However, for projects for which a certificate of completed rehabilitation is issued for a tax year beginning after December 31, 2008, and for which the credit amount allowed is less than \$250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount of the credit that exceeds the qualified taxpayer's tax liability. Such an election must be made in the year that a certificate of completed rehabilitation is issued and is irrevocable. An assigned credit is not eligible to be refunded.

NOTE: If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the historic resource is placed in service, a percentage of the credit may be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignor.

Special Instructions for Unitary Business Groups

The credit assignment is performed by the specific member that created the credit, not by the Unitary Business Group as a whole.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

PART 1: ASSIGNOR IDENTIFICATION

Line 1: Enter the name and address of the entity assigning the Historic Preservation Credit. The assignor must be an owner or long-term lessee of a qualified historic resource, or must have previously been assigned the credit.

Country Code: If other than the United States, enter the country code. See the list of country codes in the MBT Instruction Book on the Web at www.michigan.gov/taxes.

Line 2: Enter the assignor's account number.

Line 3: Enter the project number assigned by SHPO.

Line 5: Enter the date SHPO issued the certification of completed rehabilitation. This date is found on the Historic Preservation Certification, Part 3, Certification of Completed Work, received from SHPO.

PART 2: BASIC AND ENHANCED CREDITS

Line 6: Check the box to identify whether this is an original assignment or a reassignment of the credit.

Lines 7 and 8: Use Form 3581 as a worksheet to calculate these numbers. Do not attach Form 3581 to this form.

Line 10: If the assignor is retaining a portion of the credit, enter the portion of the credit that is retained on line 10, listing the assignor as an assignee. On the following lines, enter the portion of the credit that is assigned for each assignee. If more space is needed for listing the assignees, attach additional pages of the form identifying the name and account number at the top with only the applicable additional fields completed.

- **Column A:** Enter the account number of the assignee. If the assignee is a business, enter the Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number. If an assignee is an Individual who is not an MBT taxpayer, enter the Social Security number (SSN) of the assignee.

- **Column C:** An assigned credit amount must be claimed against the assignee's MBT or IIT liability in the assignee's tax year in which the assignment is made.

Column D: Enter the percentage of credit retained by the assignor and the percentage assigned to each assignee. The total of column D must equal 100 percent.

Column E: Multiply the amount on line 9 by the percentage in column D. This is the amount of the assignee's credit which will appear in the approval letter from the Department. Each IIT or Fiduciary assignee must enter this amount on Form 3581, line 7. An MBT assignee must enter this amount on *MBT Election of Refund or Carryforward of Credits* (Form 4584), line 10.

PART 3: SPECIAL CONSIDERATION CREDIT

Line 11: Check the box to identify whether this is an original assignment or a reassignment of the credit.

Line 12: Use Form 3581 as a worksheet to calculate this number. Do not attach Form 3581 to this form.

Line 13: The maximum amount of Special Consideration Credit from a single project that may be claimed (by all parties combined) during the qualified taxpayer's tax year is \$3,000,000. The excess may be carried forward until used up. Because of the need to track this annual cap, and because the carryforward of amounts exceeding the \$3,000,000 do not expire, the Special Consideration Credit must be assigned separately. If the Assignor is retaining a portion of the credit, enter the portion of the credit that is retained on line 13, listing the assignor as an assignee. On the following lines, enter the portion of the credit that is assigned for each assignee. If more space is needed for listing the assignees, attach additional pages of the form identifying the name and account number at the top with only the applicable additional fields completed.

- **Column A:** Enter the account number of the assignee. If the assignee is a business, enter the FEIN or TR assigned number.

If an assignee is an Individual who is not an MBT taxpayer, enter the SSN of the assignee.

- **Column C:** An assigned credit amount must be claimed against the assignee's MBT or IIT liability in the assignee's tax year in which the assignment is made.

- **Column D:** The maximum amount of Special Consideration Credit from a single project that may be claimed during (or assigned for use in) any tax year is \$3,000,000. The tax year by which this limitation is measured is the tax year of the qualified taxpayer to which the credit initially was certified by SHPO. This limitation applies to the combined amount claimed by all assignees, rather than to each assignee separately. Enter the qualified taxpayer's tax year to which each portion of the credit is being assigned.

- **Column E:** Enter amount of Special Consideration Credit to be assigned to each assignee for the corresponding tax year in Column D. Do not exceed a total of \$3,000,000 for each tax year. Total of Column E must equal the amount on Line 12.

Signature: This form must be signed by the assignor to be valid.

Mailing This Form

Mail this completed form and attachments to:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Additional Information

- DO NOT send a copy of this form with the annual return.

- Questions regarding the assignment of the credit:

Michigan Department of Treasury
Customer Contact Division, MBT
(517) 636-4657

- Questions regarding federal and state certification:

State Historic Preservation Office
(517) 373-1630

- Other Information:

National Parks Service
www.nps.gov/history

- Forms and further information:

Michigan Department of Treasury
www.michigan.gov/taxes