



23502Z049

Print using blue or black ink only.

Name of taxpayer(s)

Taxpayer Identification Number

Check here if this credit is derived from an entity other than that shown above. Enter the entity's Federal Employer Identification Number

- YOUR MARYLAND RESTORATION AND QUALIFIED COSTS MUST BE CERTIFIED BY THE MARYLAND HISTORICAL TRUST (MHT). Attach a copy of your approved Certification Application (Part 3) and Form 502S to your tax return. REMINDER: Do not send photographs to the Revenue Administration Division. All photographs are to be sent to the MHT at: 100 Community Place, 3rd Floor, Crownsville, Maryland 21032-2023. For more information or to obtain applications, contact the MHT at 410-697-9535 or mht.maryland.gov

Check here if a credit is being claimed for more than one property. See Special Instructions for Multiple Properties.

1. Enter MHT Project Number Location of Property

Street Address

City or Town

State

ZIP Code+4

- 2. Certified rehabilitation expenditures 2. 00
3. Credit for certified rehabilitation expenditures (Multiply line 2 by 20% (.20) and enter on line 3.) 3. 00
4. Additional credit for certified rehabilitation of a high performance building. (If applicable, multiply line 2 by 5% (.05) and enter on line 4. Otherwise, enter 0.) 4. 00
5. Total credit amount (Add lines 3 and 4. For commercial rehabilitations, enter the lesser of the total or \$3,000,000. For all other rehabilitations, enter the lesser of the total or \$50,000.) 5. 00
6. Total credit amount less recaptures (Enter line 5 less any recaptures if applicable. If less than 0, enter negative amount. See Instructions.) 6. 00

If you are filing Form 502 or Form 505, enter the amount from line 6 on line 2, Part CC of Form 502CR. If you are filing Form 504, add the amount from line 6 on line 30 of Form 504. Corporations and PTEs will claim this credit on line 1, Part DDD of Form 500CR. If negative, enter the negative amount on the appropriate form.

**General Instructions**

Corporations and pass-through entities must file electronically to claim or pass on a Heritage Structure Rehabilitation Tax Credit. See Form 500CR Instructions, Part DDD.

**Purpose of Form**

Form 502S is used to calculate allowable tax credits for the rehabilitation of certified historic structures located in Maryland and completed in the tax year which begins January 1, 2023 through December 31, 2023.

**Certified Expenditures**

To claim the credit, the certified rehabilitation must be certified by the Maryland Historical Trust (MHT) as a substantial rehabilitation. "Substantial rehabilitation" means expenditures exceeding \$5,000 for single-family, owner-occupied residential property, including a small commercial project. For all other property, "substantial rehabilitation" means the greater of the adjusted basis of the structure or \$25,000. The same expenditures may not be used to qualify for a credit in any other tax year.

**Allowable Credit**

A credit for a percentage of the amount spent to rehabilitate a certified historic structure is provided on the form. Credit for rehabilitation may be refunded if the credit exceeds the State tax liability. A credit may not exceed \$3,000,000 for commercial rehabilitations or \$50,000 for all other rehabilitations including small commercial projects. Subject to MHT approval for postponement, commercial rehabilitation must be completed within 30 months from the date of issuance of the initial certificate.

An additional credit may be claimed for a commercial rehabilitation of a certified historic structure that is a **high performance building**. Small commercial projects do not qualify for this credit. "Small commercial project" means a rehabilitation of a structure primarily used for commercial, income producing **purposes**, if the qualified rehabilitation expenditures do not exceed \$500,000. Small commercial project does not include a structure that is used solely for residential purposes.

**Specific Instructions**

**Note:** If credit is being claimed for multiple properties, see Special Instructions for Multiple Properties.

**Line 1** Enter the MHT project number and location of the property as shown on the Certification Application (Part 3).

**Line 2** Enter on line 2 the amount of certified expenditures for the property from the Certification Application (Part 3).

**Line 3** Multiply the expenditure on line 2 by 20% and enter the result.

**Line 4** If the expenditures are for the commercial rehabilitation of a certified structure that is a **high performance building**, multiply the expenditure on line 2 by 5% and enter the result. Otherwise, enter 0. (See **Allowable Credit**).

**Line 5** Add lines 3 and 4. Enter the lesser of that total or the applicable maximum credit. The applicable maximum credit for a single-family, owner-occupied residence or small commercial project is \$50,000. The applicable maximum credit for a commercial rehabilitation is \$3,000,000.

**Line 6** Enter line 5 less the amount of any recaptures (See below). If negative, enter the negative amount. Also, enter this amount on the appropriate line of the income tax form being filed: line 2, Part CC of Form 502CR (Forms 502 or 505); line 30 of Form 504; or line 1, Part DDD of Form 500CR (Corporation and PTE returns). If there is more than one property for which a credit is being claimed, see Special Instructions for Multiple Properties.

**Special Instructions for Multiple Properties**

If you are claiming a credit for multiple properties, complete lines 1-5 on a separate Form 502S for each property that is being claimed. Also, attach the required certification for each property that is being claimed. Total the amounts for line 5 of all the properties. On line 6, enter this total amount less the total recapture amounts for all properties. If negative, enter the negative amount.

**Recaptures**

**For Commercial Rehabilitations.** If within the first 5 years (starting with the first year the credit was claimed), work was performed that would disqualify a certification or the certified rehabilitation is disposed of, a portion of the credit is subject to recapture. A recapture must be made on the tax return for the tax year in which the disqualifying work or the disposal of a certified rehabilitation is done.

**For Other Rehabilitations.** If within the first 5 years (starting with the first year the credit was claimed), work was performed that would disqualify a certified rehabilitation for which a credit was claimed, a portion of the credit must be recaptured.

**Calculation of the Recapture.** The recapture is calculated as follows:

- In the first year, 100% of the credit must be recaptured.
- In the second year, 80% of the credit must be recaptured.
- In the third year, 60% of the credit must be recaptured.
- In the fourth year, 40% of the credit must be recaptured.
- In the fifth year, 20% of the credit must be recaptured.

No recapture is required for disqualifying work performed after the first 5 years or disposal after the first 5 years. Line 5 must be reduced by the amount of the recapture and entered on line 6.

**Attachment of Forms**

Attach your completed Form 502S along with a copy of the approved Certification Application (Part 3) to Form 502CR, Form 504, or Form 500CR. Failure to do so will result in the credit being disallowed.

**Note:** Nonprofit organizations that have been certified as having a qualified rehabilitation, may claim this credit on Form 502S. Trusts should attach Form 502S to Form 504. 501(c)(3) corporations should complete the Form 502S section on their electronically-filed corporation income tax return.

**For questions concerning certification, contact:**

**Maryland Historical Trust**  
100 Community Place, 3rd Floor  
Crownsville, MD 21032-2023  
410-697-9535  
mht.maryland.gov

**For questions concerning the credit calculation,** visit our website at [marylandtaxes.gov](http://marylandtaxes.gov) or email your question to [TAXHELP@marylandtaxes.gov](mailto:TAXHELP@marylandtaxes.gov). You may also call 1-800-638-2937 or from Central Maryland 410-260-7980.