IRTC

INDUSTRIAL RECOVERY TAX CREDIT

DESCRIPTION

The Industrial Recovery Tax Credit provides an incentive for investment in former industrial facilities requiring significant rehabilitation or remodeling expenses. The credit is established by IC 6-3.1-11.

PROJECT ELIGIBILITY

The credit is available to owners, developers, and certain lessees of buildings located in an industrial recovery site which was brought into service at least 15 years ago. The buildings must be at least 100,000 square feet beginning January 1, 2015 and 75% vacant at the time the application is filed. A taxpayer is not eligible for more than one of the following tax credits for the same project:

- Industrial recovery tax credit (IRTC)
- Community revitalization enhancement district tax credit (CReED)
- Hoosier business investment tax credit (HBI)
- Enterprise zone investment cost credit
- Venture capital investment tax credit (VCI)

ELIGIBLE QUALIFIED INVESTMENT COSTS

A qualified investment is made when the taxpayer incurs expenditures for the rehabilitation of real property located within an industrial recovery site. Rehabilitation expenditures include the remodeling, repair, betterment, enlargement, or extension of real property. Eligible costs may include:

- Acquisition costs, when made to enlarge or extend the industrial recovery site
- Architectural and engineering fees
- Construction management and demolition costs
- Environmental remediation costs
- Non-movable furniture, fixtures and equipment
- Permitting costs directly related to rehabilitation
- Other hard costs

INELIGIBLE INVESTMENT COSTS

- Legal and accounting fees
- Developer fees
- Feasibility studies
- Property insurance
- Loan costs
- Other professional fees not related to property rehabilitation
- Reserves
- Moveable furniture, fixtures and equipment
- Other soft costs

CALCULATION

The IEDC intends to partner with local government in the revitalization of qualified industrial sites; therefore, any award under this program likely will not exceed the financial support offered by the locality. The credit amount is equal to the amount of the qualified investment multiplied by the applicable percentage, which can range from 15-25% (see IC 6-3.1-11-1).

- 15 percent for a plant placed in service between 15 and 29 years ago
- 20 percent for a plant placed in service between 30 and 39 years ago
- 25 percent for a plant placed in service at least 40 years ago

The credit may be passed through per IC 6-3.1-11-24. The credit may be carried over to the immediately following taxable years if it exceeds the taxpayer's state tax liability per IC 6-3.1-11-17.

The credit is applied against the taxpayer's state tax liability, in the following order: adjusted gross income tax liability, insurance premiums tax liability, and financial institutions tax.

APPLICATION

An application must be submitted before an investment is made. See the application for additional requirements. The application can be found on the IEDC's website.