

SCHEDULE O

HOUSING DEVELOPMENT PROJECT CREDIT

For Qualified Housing Development Project Investment Placed Into Service on or Before December, 2002

Business Name: _____ Identification Number: _____

DETERMINATION OF ELIGIBLE INVESTMENT

Property Purchased for the Housing Development Project	Date Place In Service or Use	Cost or Other Basis	%	Eligible Investment
1. Property with useful life less than of 4 years.	_____	_____	0	_____
2. Four (4) years but less than six (6) years.	_____	_____	33.33%	_____
3. Six (6) years but less than eight (8) years	_____	_____	66.66%	_____
4. Eight (8) years or more	_____	_____	100 %	_____
5. Other cost (specify)				
(a) _____				_____
(b) _____				_____
(c) _____				_____
(d) _____				_____
(e) _____				_____
6. Total eligible investment				\$ _____
7. Total allowable Housing Development Project Credit (10% of line 6)				\$ _____
8. Annual Housing Development Project Credit (10% of line 7)				\$ _____

APPLICATION OF ANNUAL CREDIT (Prior to July 1, 1987)

	Liability	Multiplier	Tax Eligible for Offset	Credit Claimed
Business and Occupation Tax on the business of selling property. (Ch. 11, Art. 13 - Sec. 2c)	_____	x 50%	_____	_____
Business and Occupation Tax on the business of contracting. (Ch. 11, Art. 13 - Sec. 2e)	_____	x 50%	_____	_____
After June 30, 1987				
Business and Occupation Tax	_____	x 50%	_____	_____
Severance Tax	_____	x 50%	_____	_____
Business Franchise Tax	_____	x 50%	_____	_____
TOTALS			\$ _____	_____

Notes:

- The total amount of credit claimed may not exceed the lesser of:
 - the annual Housing Development Project Credit (Part I, line 8) or
 - the total amount of tax eligible for offset (Part II, Col. 3 total).
- The itemization of property purchased for the Housing Development Credit must be completed and attached.

Business Name: _____ Identification Number: _____

ITEMIZATION FOR HOUSING DEVELOPMENT PROJECT

[illegible]

HOUSING DEVELOPMENT PROJECT CREDIT INSTRUCTIONS

To encourage capital investment in this State, thereby increasing employment and economic development, a West Virginia Business and Occupation Tax Credit is allowed to eligible taxpayers for certain housing development project expenditures in this state.

A qualified housing development project is a residential housing development, located in West Virginia, that contains five (5) or more single family contiguous residential housing units or multi-family residential buildings containing five (5) or more residential housing units, which are contiguously located.

A residential housing unit is any single family dwelling, or a single family unit in a multi-family dwelling, that is constructed for sale or lease to non-transients for use and occupancy as their primary residence.

An eligible taxpayer is one who purchases property or services (or both) for the purpose of constructing a qualified housing development project in this state.

Property purchased for a qualified housing development project includes real property, and improvements thereto, and tangible personal property incorporated into real property (whether or not attached), but only if such real or tangible personal property was constructed or purchased on or after July 1, 1986 for use as a component part of a housing project located in West Virginia.

The eligible investment is the cost of land and depreciable property purchased for the construction of a qualified housing development project which is placed in service, in this state, during the tax year.

The cost of each item of property purchased for the conduct of an eligible housing development project may not include trade-in; insurance proceeds received in compensation for loss of property damaged, destroyed or stolen; or property used to determine the eligible investment for the Industrial Expansion and Industrial Revitalization credits.

The cost of self constructed property, which may be included, is the amount properly charged to the capital account for federal depreciation purposes.

The amount of allowable credit is ten percent (10%) of the eligible investment and is applied over a ten (10) year period at the rate of one-tenth (1/10) of the allowable credit per taxable year, beginning with the taxable year in which any combination of residential housing units, available for occupancy or occupied in the qualified housing development, is five (5) or more residential housing units.

The annual allowable credit is claimed against the West Virginia Business and Occupation Tax imposed by Section 2C (Business of Selling Tangible Property) and Section 2e (Business of Contracting) of Article 13, Chapter 11, of the West Virginia Code.

The credit may not reduce the tax liability by more than fifty percent (50%). On or after July 1, 1987, the credit may be claimed against the Business and Occupation Tax, the Severance Tax and/or The Business Franchise Tax. There is no provision for carry over or carry back of the annual credit allowance.

If you are entitled to claim the Industrial Expansion Credits; the Industrial Revitalization Credit; the Industrial Expansion or Revitalization Credit; or the Research and Development Credit; (or any combination of these credits), the total amount of all credits allowed may not exceed the fifty percent (50%) rule.

If, during any taxable year, property with respect to which the tax credit has been allowed is disposed of prior to the end of its useful life; ceases to be used in the qualified housing development project of the taxpayer in this state prior to the end of its useful life or if the taxpayer ceases operation of the housing project before expiration of the useful life of the property (except when the cessation is due to fire, flood, storm, or other casualty), the unused portion of the credit is forfeited and the amount of the credit allowed in earlier years must be redetermined and additional taxes, plus interest and applicable penalties that result from a reduction of the credit will be due and payable.