

**223—48.4 (303,404A) Qualified and nonqualified rehabilitation costs.**

**48.4(1)** “Qualified rehabilitation costs” means expenditures made for the rehabilitation of eligible property and includes qualified rehabilitation expenditures as defined in Section 47 of the Internal Revenue Code.

*a.* Qualified rehabilitation costs include amounts if they are properly includable in computing the basis for tax purposes of the eligible property.

*b.* Amounts treated as an expense and deducted in the tax year in which they are paid or incurred and amounts that are otherwise not added to the basis for tax purposes of the eligible property are not qualified rehabilitation costs.

*c.* Amounts incurred for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, development fees, and other construction-related costs are qualified rehabilitation costs to the extent they are added to the basis for tax purposes of the eligible property.

*d.* Costs of sidewalks, parking lots, and landscaping do not constitute qualified rehabilitation costs.

**48.4(2)** Any submission of a part three of the application with qualified rehabilitation costs of more than \$500,000 shall include a certified statement by a certified public accountant verifying that the expenses statement includes only qualified rehabilitation costs incurred in the time period established in subrule 48.5(2).

[ARC 7943B, IAB 7/15/09, effective 6/16/09; ARC 9608B, IAB 7/13/11, effective 6/22/11]