

(v) Restoring compliance with average income requirements.

(2) [Reserved]

(e) Examples.

(f) Applicability dates.

(1) General rule.

(2) Designations of occupied units.

(3) Applicability of this section to taxable years beginning before January 1, 2023.

[T.D. 8302, 55 FR 21189, May 23, 1990, as amended by T.D. 9755, 81 FR 11107, Mar. 3, 2016; T.D. 9967, 87 FR 61501, Oct. 12, 2022]

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This section lists the paragraphs contained in §§ 1.42-5T and 1.42-10T.

[T.D. 9755, 81 FR 11109, Mar. 3, 2016, as amended by T.D. 9848, 84 FR 6079, Feb. 26, 2019; T.D. 9850, 84 FR 7284, Mar. 4, 2019]

§ 1.42-1 Limitation on low-income housing credit allowed with respect to qualified low-income buildings receiving housing credit allocations from a State or local housing credit agency.

(a)-(g) [Reserved]. For further guidance, see § 1.42-1T(a) through (g).

(h) *Filing of forms.* Unless otherwise provided in forms or instructions, a completed Form 8586, “Low-Income Housing Credit,” (or any successor form) must be filed with the owner’s Federal income tax return for each taxable year the owner of a qualified low-income building is claiming the low-income housing credit under section 42(a). Unless otherwise provided in forms or instructions, a completed Form 8609, “Low-Income Housing Credit Allocation and Certification,” (or any successor form) must be filed by the building owner with the IRS. The requirements for completing and filing Forms 8586 and 8609 are addressed in the instructions to the forms.

(i) [Reserved]. For further guidance, see § 1.42-1T(i).

(j) *Effective dates.* Section 1.42-1(h) applies to forms filed on or after November 7, 2005. The rules that apply for forms filed before November 7, 2005 are contained in § 1.42-1T(h) and § 1.42-1(h) (see 26 CFR part 1 revised as of April 1, 2003, and April 1, 2005).

[T.D. 9112, 69 FR 3827, Jan. 27, 2004, as amended by T.D. 9228, 70 FR 67356, Nov. 7, 2005]

§ 1.42-1T Limitation on low-income housing credit allowed with respect to qualified low-income buildings receiving housing credit allocations from a State or local housing credit agency (temporary).

(a) *In general*—(1) *Determination of amount of low-income housing credit.* Section 42 provides that, for purposes of section 38, a low-income housing credit is determined for a building in an amount equal to the applicable percentage of the qualified basis of the qualified low-income building. In general, the credit may be claimed annually for a 10-year credit period, beginning with the taxable year in which the building is placed in service or, at the election of the taxpayer, the succeeding taxable year. If, after the first year of the credit period, the qualified basis of a building is increased in excess of the qualified basis upon which the credit was initially determined, the allowable credit with respect to such additional qualified basis is determined using a credit percentage equal to two-thirds of the applicable percentage for the initial qualified basis. The credit for additions to qualified basis is generally allowable for the remaining years in the 15-year compliance period which begins with the first taxable year of the credit period for the building. In general, the low-income housing credit is available with respect to buildings placed in service after December 31, 1986, in taxable years ending after that date. See section 42 for the definitions of “qualified low-income building”, “applicable percentage”, “qualified basis”, “credit period”, “compliance period”, and for other rules relating to determination of the amount of the low-income housing credit.

(2) *Limitation on low-income housing credit allowed.* Generally, the low-income housing credit determined under section 42 is allowed and may be claimed for any taxable year if, and to the extent that, the owner of a qualified low-income building receives a housing credit allocation from a State or local housing credit agency. The aggregate amount of housing credit allocations that may be made in any calendar year by all housing credit agencies within a State is limited by a