

# HOME BUYER TAX CREDIT

## KEY INFORMATION

Following are key points that prospective home buyers should be aware of when considering a home purchase under the tax credit program.

- A tax credit of up to \$8,000 is available for first time home buyers purchasing on or after January 1, 2009 and on or before April 30, 2010. In cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- A tax credit of up to \$6,500 is available for repeat home buyers who have owned a home for five consecutive years out of the prior eight years. The repeat home buyer tax credit applies to houses sold after November 6, 2009 and on or before April 30, 2010. In cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- Income limits of \$125,000 for individuals and \$225,000 for married couples filing jointly apply to all sales occurring after November 6, 2009.
- The income limits of sales occurring on or after January 1, 2009 and on or before November 6, 2009 are \$75,000 for individual taxpayers and \$150,000 for married couples filing jointly.
- Homes priced above \$800,000 are not eligible for either the first time home buyer credit or the repeat home buyer tax credit.
- Expanded tax credit benefits apply to members of the military, the foreign service and the intelligence community.

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## KEY INFORMATION, *cont.*

- Home purchases in 2010 may be claimed on an amended 2009 income tax return.
- Persons who are claimed as dependents by a taxpayer or who under age 18 do not qualify for a tax credit.
- Home purchases from relatives of the taxpayer or the taxpayer's spouse do not qualify for the tax credit. The IRS defines relatives as ancestors (parent, grandparent, etc.), lineal descendants (child, grandchildren, etc.) and spouses.
- Married couples are not eligible to claim the first time home buyer tax credit if either spouse has previously owned a home. They may, however, qualify for the repeat home buyer tax credit.
- Neither the first time home buyer tax credit nor the repeat home buyer tax credit have to be repaid unless the home is sold or ceases to be used as the buyer's principal residence within three years after the initial purchase.
- Taxpayers must submit a copy of the HUD-1 settlement statement and IRS form 5405 to claim either the first time home buyer credit or the repeat home buyer tax credit.