

On November 6, 2009, President Obama signed new legislation extending the deadline for the home buyer tax credit into 2010 and expanding it to include current home owners who are looking to buy a primary residence.

## What's Changed?

With the new legislation, buyers have more time to find a home and more buyers are eligible for the tax credit.

- **New deadline:** To qualify, you need to be in contract with a seller by April 30, 2010 and close on the home by June 30, 2010 (previous deadline was November 30, 2009).
- **Not just for first-time buyers:** Buyers who have owned and occupied a home for at least 5 consecutive years during the past 8 years are eligible for a credit of up to \$6,500. (There were no tax credit provisions available to current homeowners prior to November 7, 2009.)
- **Increased income limits:** \$125,000 for single taxpayers and \$225,000 for married couples filing joint returns (previous limits were \$75,000 and \$150,000).

## First-Time Home Buyer Eligibility

- The law defines a first-time home buyer as a person who has not owned a principal residence/home in the past 3 years prior to purchase.
- First-time buyers are eligible for a credit of up to \$8,000 on homes purchased between January 1, 2009 and April 30, 2010.
- Home buyers who file as single or head-of-household taxpayers can claim the full \$8,000 credit if their adjusted gross income (AGI) is no more than \$125,000 (increased from the previous \$75,000 limit).
- For married couples filing a joint return, the income limit is \$225,000 (up from the previous \$150,000 limit).
- All U.S. citizens who file taxes are eligible to participate in the program.

## Current Homeowner Eligibility

- Repeat buyers must have owned their current home and used it as their primary residence for at least 5 consecutive years during the past 8 years.
- Repeat buyers meeting the above requirement are eligible for a credit of up to \$6,500 on homes purchased between November 7, 2009 and April 30, 2010.
- Income limits for home buyers who file as single or head-of-household is \$125,000.
- For married couples filing a joint return, the income limit is \$225,000.
- All U.S. citizens who file taxes are eligible to participate in the program.

## Other Limitations—as of November 7, 2009

- The purchase price of the home cannot exceed \$800,000.
- The home you are purchasing must be used as your primary residence.
- Purchases by a dependent are ineligible.

## Anti-fraud Rule—as of November 7, 2009

- Purchaser must attach documentation of purchase to his/her tax return.

## Tax Credit is Refundable

- A refundable credit means that if you pay less than \$8,000 in federal income taxes, then the government will write you a check for the difference.
- For example, if you owe \$5,000 in federal income taxes, you would pay nothing to the IRS and receive a \$3,000 payment from the government.
- If you are due to receive a \$1,000 tax refund from the government, your refund would grow to \$9,000 (\$1,000 plus \$8,000 from the first-time home buyer tax credit).

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