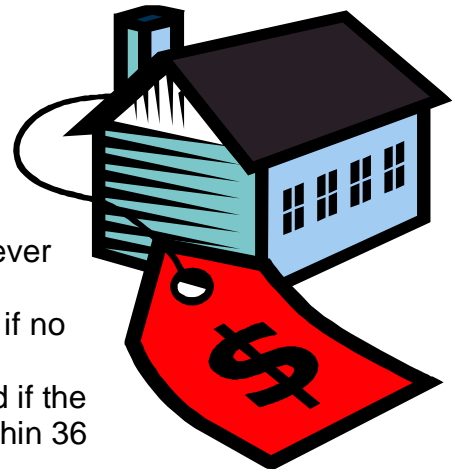


# First-time homebuyer credit



## What?

- Qualifying first-time homebuyers are eligible for a federal tax credit of \$8,000 or 10% of the purchase price (whichever is less) of a principal residence in the USA.
- This credit is refundable: It will be paid to the buyer even if no federal tax is owed.
- The credit does not have to be repaid, but it is recaptured if the home ceases to be the taxpayer's principal residence within 36 months of the purchase date.

## Who qualifies?

- A taxpayer is a first-time homebuyer if he/she (and spouse if married) did not own a principal residence in the United States during the 3 year period before the purchase date.
- For purchases on or before 11-6-2009, The taxpayer's AGI needs to be under \$75,000 (\$150,000 married joint) to qualify for the full credit. The credit is phased-out at \$95,000 (\$170,000 married filing joint). After 11-6-2009, the income phase-outs increase to \$125,000-\$145,000 (single) and \$225,000-\$245,000 (married joint).

## Rules:

- The residence can not be acquired from a related party (spouse, parent, grandparent, child, the taxpayer's corporation or partnership). Purchases after 11-6-2009 can not be acquired from a party related to your spouse.
- The taxpayer can not be a nonresident alien.
- The home must be entered into a binding contract before 5-1-2010 and closed before 10-1-2010 to qualify.
- Vacation homes and rental property are not eligible.
- If you construct the home, the purchase date is the day you occupy it.
- You can not acquire the home by gift or inheritance.
- If the home is sold to an unrelated party within the three year period, the payback is limited to the gain on the sale.
- If the home is condemned, destroyed, or the homeowner dies in the three year period, no repayment is necessary.
- If two or more unmarried individuals buy a principal residence, they can allocate the credit among the owners using any reasonable method.
- For purchases after 11-6-2009, the price of the home must be less than \$800,000.
- A qualifying purchase can be claimed on the prior year's tax return.
- For purchases after 11-6-2009, the taxpayer must be a non-dependent over age 18.

## Necessary attachments:

Tax returns with the Homebuyer Credit **can not be filed electronically**. (Expect to wait a little longer for your refund).

To receive the credit the following items must be attached:

- A signed Settlement Statement, signed retail sales contract for a mobile home, or a copy of the Certificate of Occupancy for a newly constructed home.