

# Homebuyer Tax Credit Extended

## UP TO \$8000

for 1ST-TIME HOMEBUYERS

First-time homebuyers (people who have not owned a home within the last 3 years) may be eligible for a tax credit – 10% of the purchase price of the home, with a maximum available credit of \$8,000.

## UP TO \$6500

for CURRENT HOMEOWNERS

Tax credit of up to \$6,500 (up to \$3,250 for a married individual filing separately) for qualified purchasers who have owned and occupied a primary residence for 5 consecutive years during the 8 year period ending on the date the replacement home is purchased.

*Tax Credit extended until April 30, 2010 (more info below)*

The Worker, Homeownership and Business Assistance Act of 2009, which was signed into law on November 6, 2009, extends and expands the first-time home buyer credit allowed previously.

**MAXIMUM PURCHASE PRICE**  
\$800,000.

#### DEADLINES

In order to qualify for the credit, all contracts need to be in effect no later than April 30, 2010 and close no later than June 30, 2010.

#### INCOME CAPS

People with higher incomes can now qualify for the credit. The new law raises the income limits for homes purchased after Nov. 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers. The existing MAGI phase-outs of \$75,000 to \$95,000 or \$150,000 to \$170,000 for joint filers still apply to purchases on or before Nov. 6, 2009.

#### REPAYMENT OF TAX CREDIT

This credit does not require repayment unless the home, at any time in the first 36 months of ownership, is no longer an individual's primary residence.

#### CLAIMING THE TAX CREDIT

Cannot claim the tax credit in advance of purchasing a property. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

#### SPECIAL RESTRICTIONS (for First Time Home Buyers)

According to the IRS, home buyers CANNOT claim the tax credit if any of these cases exists:

- They buy the home from a close relative. This includes a spouse, parent, grandparent, child or grandchild. (See "step-relatives" info below)
- They do not use the home as their principal residence.
- They are a nonresident alien.
- They are, or were, eligible to claim the District of Columbia first-time homebuyer credit for any taxable year. (This does not apply for a home purchased in 2009.)
- Their home financing comes from tax-exempt mortgage revenue bonds. (Does not apply for homes purchased in 2009.)
- They owned a principal residence at any time during the 3 years prior to the date of purchase of their new home.

Homebuyer can purchase a home from a Step-Relative and still be eligible for the credit. As long as the person they buy the home from is not a direct blood relative, the purchase would be allowed.

If a parent (who will not live in the property) cosigns for a mortgage, their child is still eligible for the credit, provided that the child meets the other requirements for the tax credit.

*Pulaski Bank is not a tax adviser. For official information, go to [www.irs.gov](http://www.irs.gov) or contact your Tax Professional.*



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