

# The 2009 First-Time Homebuyer Tax Credit



The American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 has greatly improved the first-time homebuyer tax credit.

## Highlights of this credit include:

- A refundable credit equal to the lesser of 10% of the purchase price or \$8,000. Refundable, meaning the tax credit can offset your entire federal income tax liability (including Alternative Minimum Tax) with any leftover amount being refunded to you.
- The tax credit is on homes purchased that closed between 1/1/09 – 11/30/09. For new construction, the purchase date is considered to be the date you occupy the home.
- Single taxpayers with income up to \$75,000 and married taxpayers with income up to \$150,000 qualify for the full amount of the credit. The credit begins to phase-out with income above those limits and is phased-out completely for single taxpayers with income over \$95,000 and married taxpayers over \$170,000.
- You are considered a first-time homebuyer if you did not own a home during the 3-year period before the purchase of the home. If you are married, both you and your spouse must pass the 3-year test.
- The home you are purchasing must be in the United States and used as your primary residence. Vacation homes and rental properties do not qualify for the credit.
- You are not eligible for the credit if you buy the home from a close relative; for example, a spouse, parent or child.
- You will be required to repay the credit if you sell your home within 3 years of purchase.
- You can treat the 2009 purchase as having been made during 2008 and claim the credit on your 2008 tax return.

## Key Facts/Figures:

Credit Amount	Lesser of 10% of purchase price or \$8,000 (\$4,000 if married filing separately)
Income Limits Phase-Out	Single \$75,000-95,000 / Married \$150,000-170,000
Date of Purchase/Closed	1/1/09 – 11/30/09

## Comparison to the 2008 Credit:

- The tax credit was increased from \$7,500 to \$8,000.
- Purchase dates were expanded to the end of November 2009.
- The 2008 credit has to be repaid over 15 years. The 2009 tax credit does not have to be repaid!

Please contact your tax professional for additional guidance on how this credit may affect you.