



FIRST-TIME HOMEBUYER Tax Credit Fact Sheet

American Recovery and Reinvestment Act of 2009

WHO IS ELIGIBLE?

- The \$8,000 tax credit is available for first-time homebuyers only.
- The law defines a first-time homebuyer as a buyer who has not owned a home during the past three years.
- All U.S. citizens who file taxes are eligible to participate in the program.

TYPES OF HOMES THAT QUALIFY FOR THE TAX CREDIT

- All homes within the United States, whether single-family, town homes, or condominiums will qualify.
- However, there are several conditions:
 - ✓ *The home must be used as a principal residence, and*
 - ✓ *The buyer has not owned a home in the prior three years.*
- The tax credit includes newly-constructed homes.

INCOME LIMITS

- Homebuyers who file as single or head-of-household taxpayers can claim the full \$8,000 credit if their adjusted gross income (AGI) is less than \$75,000. (The price of the purchased property must be \$80,000 or more to receive the full credit; otherwise the tax credit will be 10% of the sales price.)
- For married couples filing a joint return, the income limit doubles to \$150,000.
- Single or head-of-household taxpayers who earn between \$75,000 and \$95,000 are eligible to receive a partial first-time homebuyer tax credit.
- Married couples filing jointly who earn between \$150,000 and \$170,000 are eligible to receive a partial first-time homebuyer tax credit.
- The credit is not available for single taxpayers whose AGI is greater than \$95,000 and married couples filing jointly with an AGI that exceeds \$170,000.



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EFFECTIVE DATES FOR THE TAX CREDIT

- First-time homebuyers could receive a \$8,000 tax credit for the purchase of any home on or after January 1, 2009 and before December 1, 2009. To qualify, you must close on the sale of the home during this period.

TAX CREDIT IS REFUNDABLE

- A refundable credit means that if you pay less than \$8,000 in federal income taxes, then the government will send 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 increase to \$9,000 (\$1,000 plus \$8,000 from the homebuyer tax credit).*

PAYBACK PROVISIONS

- This credit does NOT have to be repaid, however the purchaser must live in the home at least 3 years



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Further information regarding the tax credit may be found at www.federalhousingtaxcredit.com or www.irs.gov. This information is provided for general awareness only, and is not intended for the purpose of providing legal, accounting, tax advice or consulting of any kind. Please consult with your tax professional for complete details.



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