

Homebuyer Tax Credit Information

As amended by the Senate, H.R. 3548 extends the Homebuyer Tax Credit for first-time buyers and creates a new “step-up” program for homeowners.

First-time Homebuyers

- The measure will extend the first-time homebuyer tax credit until April 30, 2010. In addition, those who have signed a contract before May 1, 2010 will have 60 days to close on the home.
- Increases the income limits to \$125,000 on a single return and \$225,000 on a joint return (from \$75,000 and \$150,000, respectively). As with the current credit, the extended credit has a \$20,000 phase-out after those limits are reached.
- Those who purchase in 2010 will be able to claim credit on 2009 tax return.
- Definition of first-time buyer remains the same as those who have not owned a home in the last three years.
- The credit will remain at \$8,000.

Other provisions regarding the homebuyer tax credit in the bill.

- No homes over \$800,000 will be eligible for the tax credit.
- It will extend the tax credit for the military and other Foreign Service Officers serving abroad through April 30, 2011. It also waives the recapture fee for all military personnel should the individual move and sells the home within 3 years.
- Cuts down on tax credit fraud by providing authority to the IRS to do greater electronic oversight and requires that the taxpayer claiming the credit be 18 or older.

Step-up Buyers

- Those who have owned the same home for 5 consecutive of the last 8 years will be eligible for a \$6,500 tax credit.
- The \$6,500 tax credit will be eligible for purchases between November 7, 2009 and May 1, 2010. The same opportunity to close within 60 days applies.
- The income limits are also \$125,000 on a single return and \$225,000 on a joint return and have a \$20,000 phase-out thereafter.
- Those who purchase in 2010 will be able to claim the credit on 2009 tax return.

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