



# FAQs on the 2009-10 Homebuyers Tax Credit

**Q.** Who is eligible for the tax credit?

**A.** **First-time homebuyers** who purchase homes between Nov. 7, 2009 and April 30, 2010, and close before July 1, 2010. You are ineligible if you have owned a home within three years prior to the purchase date.

**Current homeowners** who are purchasing a principal residence are also eligible for a credit. The home being sold or vacated must have been a principal residence for five consecutive of the past eight years.

**Q.** What type of home is eligible?

**A.** The new home must be a principal residence located in the United States. Generally, a principal residence is where you spend at least 50 percent of your time. A principal residence can be a single family detached home, condo, co-op or townhome. For new construction, the "purchase date" is the date you occupy the home.

**Q.** How much is the tax credit?

**A.** The credit is up to \$8,000 for first-time homebuyers or \$6,500 for current homeowners. Married couples can only claim one credit.

**Q.** How does the credit work?

**A.** The provision allows for a refundable tax credit on the purchase of a home or credit up to 10 percent of the home's purchase price. If total tax liability in the given year is less than \$8,000 (first-time homebuyers) or \$6,500 (current homeowners), the IRS will refund the balance.



[www.ChicagoREALTOR.com](http://www.ChicagoREALTOR.com)



**Q.** What are the income limits?

**A.** Credits are reduced or eliminated for higher-income taxpayers: individuals whose income exceeds \$125,000 or joint filers whose income exceeds \$225,000. If your income falls within \$20,000 of this limit you are in the "phase out" range (\$125,000 to \$145,000 for individuals and \$225,000 to \$245,000 for joint filers). This means you will only receive a fraction of the total tax credit.

**Q.** Do I have to pay back the credit?

**A.** If you occupy the home for at least three years you will not owe on the credit. If you sell within three years, the full amount of the credit will be recouped on the sale.

**Q.** When/how can I claim the credit?

**A.** Credits can be claimed on your 2009 tax return, amended 2009 tax return or 2010 tax return. Documentation of purchase must accompany your return.

**Q.** Who do I contact with questions about this credit?

**A.** Contact your REALTOR® or tax preparer, or call the IRS toll-free at 800/829-1040. Details are accurate based on information available Nov. 6, 2009. As with any tax law, check with a tax advisor if you have questions about this provision.

**Q.** Who cannot take a credit?

**A.** People purchasing vacation homes and rental properties are not eligible for tax credit. You are also ineligible if:

- Your income exceeds the phase-out range.
- You are buying a home from a close relative, such as a spouse, parent, grandparent, child or grandchild.
- You are a non-resident alien of the United States who is a first-time home buyer.

Compliments of...

*C.A.R. Member, attach your vertical or horizontal business card here!*