

First-Time Homebuyer Tax Credit

- An \$8,000 tax credit, or 10 percent of your home's value, whichever is less, is now available to first-time homebuyers.
- Buyers may not have owned a home for the past three years to qualify as "first time" buyers.
- You must purchase the house between January 1 and November 30, 2009.
- To qualify, buyers must make less than \$75,000 a year (or \$150,000 per couple). The credit begins to phase out for people with income levels of up to \$95,000 a year (or \$190,000 for couples).
- You don't have to repay the credit as long as you remain in your home for at least 36 months after the purchase date.
- The credit is refundable, meaning tax filers see a refund of the full \$8,000 even if their total tax bill was less than that amount.
- You can claim the credit on your 2008 tax return.
- If you take advantage of the \$8,000 tax credit and then sell your home or it no longer remains your principal residence within 36 months of the purchase date, you will have to pay back the full \$8,000.
- If you're a first-time homebuyer and you purchased your home on or after April 8, 2008, and by Dec. 31, 2008, you do not qualify for the \$8,000 first-time homebuyer's credit. You can still take the \$7,500 tax credit, but you have to pay it back because it's a 15-year, interest-free loan from the Internal Revenue Service.
- As with the \$7,500 credit, if you sell and your gain is less than the credit, you only have to repay up to the amount of the gain. If you die before the credit/loan is repaid, any outstanding amount is forgiven.
- If your status is married filing separately, you can't get the full \$8,000 credit or \$7,500 credit. Instead, you get \$4,000 of the \$8,000 credit and \$3,750 of the \$7,500 credit. People filing as single are eligible for the full credit.
- Commercial real estate is impacted primarily through those provisions of the bill focused on green building and energy efficiency as well as business tax incentives. H.R. 1 provides significant funds for state energy programs, which could be used to support commercial property owners' investment in energy efficiency upgrades while commercial property owners seeking to invest in alternative energy systems for onsite power generation would benefit from the Department of Energy Renewable Energy Loan Guarantees Program. Of particular benefit to small businesses would be certain provisions of the bill that provide tax relief in the area of bonus depreciation and capital expenditures, as well as the 5-Year carryback of net operating losses for small businesses.