

Homebuyers Tax Credit Extended through April 30, 2010

On November 6, 2009, President Obama signed into law an extension of the \$8,000 first-time homebuyers tax credit until April 30, 2010. Binding contracts for the purchase of a principal residence signed by April 30 must close by June 30 to qualify in order for the first-time homebuyer to qualify for the credit. For qualifying purchases in 2010, taxpayers will have the option of claiming the credit on either their 2009 or 2010 return.

The new law added several new provisions that apply to persons purchasing homes on or after November 7, 2009:

- Homebuyers with higher incomes can now qualify for the credit for homes purchased after November 6, 2009. Income limits have been increased to \$125,000 for individuals and \$225,000 for couples filing jointly. These income limits were formerly \$75,000 and \$150,000, respectively. The credit phases out for individual taxpayers with a modified adjusted gross income between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers.
- The new law adds a \$6,500 credit for long-time homeowners who want to trade up, that is, current home owners who have lived in their home for five of the past eight years and who buy a replacement principal residence by April 30, 2010.
- Qualifying home purchase prices must not exceed \$800,000.
- The extended tax credit for first-time homebuyers remains at \$8,000 and requires that the buyer have not owned a home in the past three years, as before.
- Purchasers claiming the credit will need to attach documentation of the transaction to their tax returns in order to help combat the tax credit fraud that has been experienced by the IRS to date.

Extended Homebuyer Tax Credit Resources

For additional information, the following resources – which can be expected to be updated frequently over the upcoming days and weeks – offer examples of fact situations, filing options and other details:

- NAR The Basics: Extended Home Buyer Tax Credit 2009/2010:
http://www.realtor.org/home_buyers_and_sellers/2009_first_time_home_buyer_tax_credit
- Internal Revenue Service:
<http://www.irs.gov/newsroom/article/0,,id=204671,00.html>
- NAR FAQ Regarding Tax Credit Changes:
http://www.wra.org/pdf/government/2009_NAR_FAQ_TaxCreditChanges.pdf