

First Time Homebuyers Credit What Does It Mean?

The First Time Homebuyers Credit is a Refundable Credit equal to 10 percent of the purchase price up to a maximum of \$8,000 (\$4,000 if married filing separate)



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Qualifications

A first time homebuyer is an individual who, with his or her spouse if married, has not owned any other principal residence for three years prior to the date of purchase of the new principal residence for which the credit is claimed.



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Income Limitations

For people who purchase homes after November 6, 2009, the full credit will be available to taxpayers with modified adjusted gross income (MAGI) up to \$125,000, or \$225,000 for joint filers.

Those with income between \$125,000 and \$145,000, or \$225,000 and \$245,000 for joint filers qualify for a reduced credit.

For homes purchased before November 7, 2009, the income limits are lower. The full credit is available to taxpayers with MAGI up to \$75,000, or \$150,000 for joint filers.

Those with income between \$75,000 and \$95,000, or \$150,000 and \$170,000 for joint filers qualify for a reduced credit.



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Not Just for First Time Homebuyers Anymore

For home purchases after November 6, 2009, the credit has been expanded to include not just first time homebuyers but also long-time residents who buy a new principal residence. They are eligible for a credit of 10 percent of the purchase price up to a maximum credit of \$6,500.



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Long Term Resident?

A long term resident is an individual who, with his or her spouse if married, has owned and used the same home as a principal residence for any period of 5 consecutive years during the 8 year period ending on the date of purchase of the new principal residence for which the credit is being claimed.



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The Clocks Ticking...

An eligible taxpayer must buy or enter into a binding contract to buy a home by April 30, 2010 and settle the purchase by June 30, 2010.

Members of the armed forces have until June 30, 2011.



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Tax Filing Requirements

The credit is claimed on Federal Form 5405. If you bought a home in 2009, you will not be able to e-file your return and claim the credit.

If you buy a home in 2010, you can claim the credit on your 2009 or 2010 return. If you've already filed, you can amend your 2009 return.



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Questions?



HINDSMAN, HALL & STOREY, P.C.
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