

FIRST-TIME HOMEBUYER FEDERAL TAX CREDIT

As part of the “Housing and Economic Recovery Act of 2008” that was recently signed into law, Congress has created a new, temporary federal income tax credit to provide an incentive for first-time homebuyers. This is a great opportunity for first-time homebuyers.

A few highlights of this federal tax credit are as follows:

1. The amount of the federal tax credit is for 10% of the cost of the home, up to a maximum credit of \$7,500. In essence, this is an interest-free loan that enables consumers to receive a tax credit on a dollar-for-dollar basis on their personal income tax return in the calendar year following the year of closing on their home. They begin paying the tax credit back the year after that and make equal installments during the next 15 years. If the homeowner sells the home at any point during the 15-year period, then the remaining amount is recaptured, unless they sell the home at a loss, at which point the balance is forgiven.
2. The federal income credit can be claimed on one’s individual or joint tax return for the purchase of any single-family home purchased between April 9, 2008, through July 1, 2009.
3. Individuals who file single status or head of household are eligible for the tax credit if their income is no more than \$75,000. Individuals who file a joint return may have no more than \$150,000 in income.
4. Individuals with incomes between \$75,001 and \$94,999 (single) or \$150,001 and \$169,999 (joint returns) are eligible for a partial tax credit.

Always check with your professional tax advisor for exact tax calculations.

For more information on this or any other subject concerning real estate, call me:

Lebron Little—Associate Broker with ERA Simmons Real Estate.