

# What you should know about the **EXTENDED** First-Time Homebuyer Tax Credit

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Congress and the President have extended and expanded the \$8,000 tax credit for first-time buyers. You now have until April 30, 2010 to sign a contract and qualify.

AND, as of November 7, *many existing home owners also qualify.*

The temporary credit is only available for home purchases that go to contract by April 30, 2010, and that close by June 30, 2010.

It's equal to 10% of the cost of the home, up to a maximum credit of \$8,000. *(For example, a home purchased for \$80,000 or more would qualify for the full \$8,000 credit, while a \$70,000 home would qualify for only 10%, or \$7,000.)* But homes that cost more than \$800,000 are ineligible for *any* tax credit.

This is a tax credit, which is even better than a tax deduction; it's subtracted directly from your tax liability. If the credit is more than your total tax liability that year, you will receive a refund check for the balance. (Note that a married buyer filing separately is only eligible for up to a \$4,000 credit.)

Eligible properties include anything that will be used as a principal single-family residence, including condos and townhouses.

First-time homebuyers can take advantage of the full \$8,000 tax credit. A first-time buyer is defined as an individual who has not owned a home the past three years. For married joint filers, both must meet the first-time buyer criteria to take the credit on a joint return.

Existing homeowners who have lived in their current homes for five consecutive years out of the past eight are eligible for up to a \$6,500 tax credit when they purchase a new home.

There are income guidelines on the credit. Individuals with an adjusted gross income up to \$125,000 (or \$225,000 if filing jointly) are eligible for the full tax credit. The credit is phased down for those earning more and is not available for those with an income above \$145,000 (or \$245,000 if filing jointly.)

Consult with your REALTOR® to capitalize on this opportunity and with your tax advisor about your unique tax situation.

