

Tax Incentives for First-Time Homebuyers in 2009

The American Recovery and Reinvestment Act of 2009 contains a refundable tax credit for qualified first-time homebuyers of up to 10% of a home's purchase price, not to exceed \$8,000.00. Buyers must purchase their homes between January 1, 2009 and December 1, 2009. Unlike the Tax Credit for first-time buyers in 2008, this credit does NOT need to be repaid.

A tax credit is actually a dollar-for-dollar reduction of your tax bill. And the tax credit is refundable, meaning that homeowners that owe less than \$8,000 in federal income taxes will actually receive a refund of the difference.

IMPORTANT CONSIDERATIONS:

- This tax credit is only available to first time buyers who are purchasing their primary residence. The law defines a first-time buyer as someone who has not owned, or been included on title to, a property in the last three years.
- Unmarried joint purchasers can pass the credit to any buyer who qualifies as a first-time buyer. For married buyers, both must qualify as first-time buyers to be eligible for the tax credit.
- There are income limits to claim the credit. The tax credit phases out for single taxpayers with adjusted gross income of \$75,000 to \$95,000. For married couples who file jointly, the phase-out is \$150,000 to \$170,000.
- This tax credit can be claimed on either the 2008 or 2009 tax return. Taxpayers who purchase a home before April 15th, but have already filed their 2008 tax return can submit an amended return claiming the credit, or wait until they file their 2009 return. Consult a tax professional for additional information.
- This tax credit can also be used if buyers are using Mortgage Revenue Bond Programs for down-payment assistance like the *Minnesota Mortgage Program* or the *Community Activity Set Aside program (CASA)*. Consult a Home Stretch Counselor to see if you qualify for any assistance programs.

NOTE

Although the credit is only available to first-time buyers purchasing their primary residence – the credit can be used to purchase a new or older home, a co-op, condo or a manufactured home.

The Minnesota Home Ownership Center is committed to making home ownership attainable for Minnesota families. Our network of pre-purchase counselors is available to provide personalized homeownership planning, and help homebuyers understand this tax credit and other options available to first-time homebuyers. For additional information, call today:

(651) 659-9336 or (866) 462 – 6466 or visit hocmn.org.