

Home Buyer Tax Credits

Brought to you by the National Association of Home Builders

Tax Credits Provide Outstanding Opportunities for Home Buyers

The Worker, Homeownership, and Business Assistance Act of 2009 has extended the tax credit of up to \$8,000 for qualified first-time home buyers purchasing a principal residence. It also authorized a tax credit of up to \$6,500 for qualified repeat home buyers.

[Frequently asked questions about the \\$8,000 first-time home buyer tax credit.](#)

[Frequently asked questions about the \\$6,500 tax credit for repeat home buyers.](#)

[Some key points for prospective home buyers.](#)

[Special rules that apply to members of the military, the foreign service and the intelligence community.](#)

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Tax Credits at a Glance



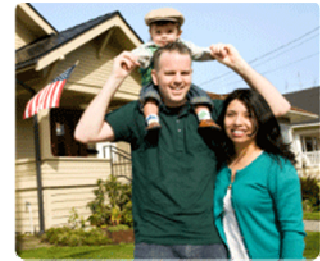
FAQ: First-Time Buyers



FAQ: Repeat Buyers



Buyer Resources



ABOUT NAHB: The National Association of Home Builders is a Washington, D.C.-based trade association representing more than 200,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. Known as "the voice of the housing industry," NAHB is affiliated with more than 800 state and local home builders associations around the country. NAHB's builder members will construct about 80 percent of the new housing units projected for 2009.

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\$8,000 First-time Home Buyer Tax Credit at a Glance

- The \$8,000 tax credit is for first-time home buyers only. For the tax credit program, the IRS defines a first-time home buyer as someone who has not owned a principal residence during the three-year period prior to the purchase.
- The tax credit does not have to be repaid unless the home is sold or ceases to be used as the buyer's principal residence within three years after the initial purchase.
- The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.
- The tax credit applies only to homes priced at \$800,000 or less.
- The tax credit now applies to sales occurring on or after January 1, 2009 and on or before April 30, 2010. However, in cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- For homes purchased on or after January 1, 2009 and on or before November 6, 2009, the income limits are \$75,000 for single taxpayers and \$150,000 for married couples filing jointly.
- For homes purchased after November 6, 2009 and on or before April 30, 2010, single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

The \$6,500 Move-Up / Repeat Home Buyer Tax Credit at a Glance

- To be eligible to claim the tax credit, buyers must have owned and lived in their previous home for five consecutive years out of the last eight years.
- The tax credit does not have to be repaid unless the home is sold or ceases to be used as the buyer's principal residence within three years after the initial purchase.
- The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$6,500.
- The tax credit applies only to homes priced at \$800,000 or less.
- The credit is available for homes purchased after November 6, 2009 and on or before April 30, 2010. However, in cases where a binding sales contract is signed by April 30, 2010, the home purchase qualifies provided it is completed by June 30, 2010.
- Single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

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[Home](#) [Tax Credits at a Glance](#) [FAQ: First-Time Buyers](#) [FAQ: Repeat Buyers](#) [Resources](#) [Military/Service Rules](#) [Key Information](#)



Key Information

Following are key points that prospective home buyers should be aware of when considering a home purchase under the tax credit program.

- A tax credit of up to \$8,000 is available for first-time home buyers purchasing on or after January 1, 2009 and on or before April 30, 2009. In cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- A tax credit of up to \$6,500 is available for repeat home buyers who have owned a home for five consecutive years out of the prior eight years. The repeat home buyer tax credit applies to houses sold after November 6, 2009 and on or before April 30, 2010. In cases where a binding sales contract is signed by April 30, 2010, a home purchase completed by June 30, 2010 will qualify.
- Income limits of \$125,000 for individuals and \$225,000 for married couples filing jointly apply to all sales occurring after Nov. 6, 2009.
- The income limits for sales occurring on or after January 1, 2009 and on or before November 6, 2009 are \$75,000 for individual taxpayers and \$150,000 for married couples filing jointly.
- Homes priced above \$800,000 are not eligible for either the first-time home buyer tax credit or the repeat home buyer tax credit.
- [Expanded tax credit benefits apply to members of the military, the foreign service and the intelligence community.](#)
- Home purchases in 2010 may be claimed on an amended 2009 income tax return.
- Persons who are claimed as dependents by a taxpayer or who are under age 18 do not qualify for a tax credit.
- Home purchases from relatives of the taxpayer or the taxpayer's spouse do not qualify for the tax credit. The IRS defines relatives as ancestors (parent, grandparent, etc.), lineal descendants (child, grandchildren, etc.) and spouses.
- Married couples are not eligible to claim the first-time home buyer tax credit if **either** spouse has previously owned a home. They may, however, qualify for the repeat home buyer tax credit.
- Neither the first-time home buyer tax credit nor the repeat home buyer tax credit have to be repaid unless the home is sold or ceases to be used as the buyer's principal residence within three years after the initial purchase.
- Taxpayers must submit a copy of the HUD-1 settlement statement and IRS Form 5405 to claim either the first-time home buyer tax credit or the repeat home buyer tax credit.

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