

# ATTENTION CONSUMERS: 2009 First-Time Home Buyer Tax Credit

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President Barack Obama signed into law on February 17, 2009, the American Recovery and Reinvestment Act of 2009 (ARRA). The passage of ARRA has resulted in changes to the first-time home buyer tax credit implemented in 2008. Below is important information for consumers regarding the first-time home buyer tax credit for homes purchased in 2009.

## Eligibility Requirements

- You must be a first-time home buyer. You are considered a first-time home buyer if you (and your spouse, if you are married) have not owned another primary residence during the three-year period prior to the date of purchase.
- You must purchase a home between January 1, 2009, and November 30, 2009, as your primary residence.
- Your modified adjust gross income (MAGI) must be less than \$95,000 (or \$170,000, if married filing jointly). However, the tax credit begins to phase out for an individual taxpayer with a MAGI from \$75,001 to \$95,000 (or \$150,001 to \$170,000 for joint filers).
- Your home must be located in the United States and you may not be a nonresident alien.
- The property must not be acquired from a related person (this is defined as, among other things, a spouse, ancestors, lineal descendants, a corporation in which you directly or indirectly own more than 50 percent in value of outstanding stock, or a partnership in which you directly or indirectly own more than 50 percent of capital interest or profit interest).
- The property must not be acquired by gift or inheritance.
- You must not dispose of the property (or the property may not cease to be your principal residence or that of your spouse) before the end of the taxable year.

## Details of the Tax Credit

- First-time home buyers may receive a refundable tax credit up to \$8,000 for purchasing a principal residence in the U.S. from January 1, 2009, to November 30, 2009.
- If the buyer owns and occupies the property for 36 months, no repayment of the tax credit is required. If the buyer occupies the property for less than 36 months, the credit must be repaid. This is done by including the credit as an additional tax on the return for the year the home ceases to be the primary residence.
- The maximum tax credit for an individual first-time home buyer is 10 percent of the purchase price, not to exceed \$8,000, and only half of that amount if married filing separately. You are allowed the full amount of the credit if your MAGI is \$75,000 or less (\$150,000 or less if married filing jointly). The tax credit begins to phase out for an individual taxpayer with a MAGI from \$75,001 to \$95,000 (or \$150,001 to \$170,000 for joint filers). The credit is eliminated completely when your MAGI reaches \$95,000 (\$170,000 if married filing jointly).
- First-time home buyers who qualify for the \$8,000 tax credit by purchasing a home before December 1, 2009, have a special option of claiming the tax credit on either their 2008 or 2009 tax return.
- A first-time buyer may claim the tax credit on his or her federal tax return using IRS Form 5405, which is available at <http://www.irs.gov/pub/irs-pdf/f5405.pdf>.

## More Information

To learn more about the First-time Home buyer Tax Credit, visit the [IRS Web site](#).



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