



## DIGIOVINE HNILO JORDAN + JOHNSON LTD.

Certified Public Accountants / Business Consultants ■ [www.dhjj.com](http://www.dhjj.com)

### **New and Improved Home-Buyer Credit** For homes purchased after November 6, 2009



Available to **qualifying** taxpayers who enter a contract to purchase a “**principal residence**” before May 1, 2010; the purchase must close before July 1, 2010.

#### **First-time Homebuyers:**

- The credit remains the **lesser of 10% of the purchase price or \$8,000**
- “First-time homebuyer” is any individual (if married, and their spouse) who is a US resident if they had no ownership interest in a home during the three years previous to the day of the purchase

#### **Long-time Homeowners:**

- The **maximum credit is \$6,500** (up to \$3,250 if married filing separately)
- The homebuyers must have lived in the same principal residence for any five-consecutive year period during the eight-year period ending on the date the new home is purchased
- Old home need not be sold (but taxpayer must reside in the new home)



#### **General Information: Applicable to both credits:**

- The credit phases out for income levels between \$125,000 and \$145,000 (\$225,000 - \$245,000 for joint filers)
- This is a “refundable” tax credit (the credit will be paid out even if there is no tax or the credit is more than the tax owed)
- Can elect to treat the purchase as made on December 31 of the prior year to accelerate the refund
- Purchase price cannot exceed \$800,000
- Purchases from a relative do not qualify for the credit (sibling, spouse, ancestors and lineal descendants)
- Credit may have to be repaid if the residence ceases to be the taxpayer’s principal residence within thirty-six months from the date of purchase (exceptions apply)
- A copy of the closing statement must be attached to the tax return

**If you have questions, please call us at 630-420-1360 or email us at [taxdept@dhjj.com](mailto:taxdept@dhjj.com)**