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THE EXPANDED 2010 HOMEBUYER TAX CREDIT

IRS Special Edition Tax Tip 2009-13

1. You must buy – or enter into a binding contract to buy a principal residence – on or before April 30, 2010.
2. If you enter into a binding contract by April 30, 2010 you must close on the home on or before June 30, 2010.
3. For qualifying purchases in 2010, you will have the option of claiming the credit on either your 2009 or 2010 return.
4. A long-time resident of the same home can now qualify for a reduced credit. You can qualify for the credit if you've lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the new home is purchased and the settlement date is after November 6, 2009.
5. The maximum credit for long-time residents is \$6,500. However, married individuals filing separately are limited to \$3,250.
6. People with higher incomes can now qualify for the credit. The new law raises the income limits for homes purchased after November 6, 2009. The full credit is available to taxpayers with modified adjusted gross incomes up to \$125,000, or \$225,000 for joint filers.
7. The IRS will issue a December 2009 revision of Form 5405 to claim this credit. The December 2009 form must be used for homes purchased after November 6, 2009 – whether the credit is claimed for 2008 or for 2009 – and for all home purchases that are claimed on 2009 returns.
8. No credit is available if the purchase price of the home exceeds \$800,000.
9. The purchaser must be at least 18 years old on the date of purchase. For a married couple, only one spouse must meet this age requirement.
10. A dependent is not eligible to claim the credit.

G Good news for all IAR members, the First-Time Homebuyer Tax Credit deadline was extended and expanded for 2010. Here are the top 10 things the IRS wants you to know about the expanded credit and the requirements you must meet in order to qualify for it.

For more information about the expanded First-Time Homebuyer Credit, visit : www.homebuyertaxcredit.com, www.irs.gov, www.realtor.org.

The IAR Legal Department has prepared a 2010 Tax Credit Disclosure/Hold Harmless Agreement for our members to aid in risk reduction in case a transaction does not close by the above deadline.

<http://indianarealtors.com/uploads/docs/356.pdf>. □