



Tax Year: [2008 ]

Filing Status: [Single ]

If your taxable income is between...	your tax bracket is:
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %

Tax Year: [2008 ]

Filing Status: [Married filing ]

If your taxable income is between...	your tax bracket is:
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %
[ ] and [ ]	[ ] %

**As an example:**

**If a married couple filing jointly earned a combined TAXABLE income of \$80,000 (taxable income is their gross income minus deductions) their Federal Income Tax would be:**

**16,050 X 10% = \$1,605**

**49,050 X 15% = \$7,357**

**14,900 X 25% = \$3,725**

**Total \$80,000 taxable income = \$12,687 Federal Income Tax Due**

**Prospective first-time home buyers who have been sitting on the fence now have a significant financial incentive to explore the opportunities available in today's housing market.**

**H.R. 3221, the Housing and Economic Recovery Act of 2008 - which has just been signed by President Bush (signed July 30) - allows first-time home buyers to take a \$7,500 tax credit from the purchase of a single-family home, townhome or condominium apartment.**

**That means the married couple in the example above who's Federal Income Tax bill is \$12,687 would get a refund on their taxes of \$7,500 if they are a first time home buyers and buy a new or resale home.**

**To qualify, buyers must actually close on the sale of the home on or after April 9, 2008 and before July 1, 2009.**

**Note the rules below. The \$7,500 is paid back at \$500 per year over the next 15 years.**

## **First-Time Home Buyer Tax Credit Fact Sheet**

### **Who is Eligible**

- The \$7,500 tax credit is available for first-time home buyers only.
- **The law defines a first-time home buyer as a buyer who has not owned a home during the past three years.**
- All U.S. citizens who file taxes are eligible to participate in the program.

### **Income Limits**

- Home buyers who file as **single** or head-of-household taxpayers can claim the full \$7,500 credit if their adjusted gross income (AGI) is less than **\$75,000**.
- For **married couples filing a joint return**, the income limit doubles to **\$150,000**.
- Single or head-of-household taxpayers who earn between \$75,000 and \$95,000 are eligible to receive a partial first-time home buyer tax credit.
- Married couples who earn between \$150,000 and \$170,000 are eligible to receive a partial first-time home buyer tax credit.
- The credit is not available for single taxpayers whose AGI is greater than \$95,000 and married couples with an AGI that exceeds \$170,000.

## Effective Dates for the Tax Credit

- First-time home buyers would receive a \$7,500 tax credit for the purchase of any home on or after **April 9, 2008 and before July 1, 2009**. To qualify, you must actually close on the sale of the home during this period.

## Tax Credit is Refundable

- **A refundable credit means that if you pay less than \$7,500 in federal income taxes, then the government will write you a check for the difference.**
- **For example, if you owe \$5,000 in federal income taxes, you would pay nothing to the IRS and receive a \$2,500 payment from the government.**
- If you are due to receive a \$1,000 tax refund from the government, your refund would grow to \$8,750 (\$1,000 plus \$7,500 from the home buyer tax credit).
- Buyers can take the tax credit in their 2008 or 2009 tax return.
- If you purchased the home in 2008, the tax credit is taken on your 2008 tax return. If you buy in 2009, you have the option of taking the credit on your 2008 or 2009 tax returns.

## Types of Homes that Qualify for the Tax Credit

- **All homes, whether single-family, townhomes or condominium apartments will qualify**, provided that the home will be used as a principal residence and the buyer has not owned a home in the prior three years. This also includes newly-constructed homes.

## Payback Provisions

- The tax credit essentially serves as an interest-free loan to be repaid over 15 years.
- **For example, a home buyer claiming a \$7,500 credit would repay the credit at \$500 per year. If the home owner sold the home, then the remaining credit would be due from the profit of the home sale.**
- If there was insufficient profit, then the remaining credit payback would be forgiven.

Courtesy of JB Goodwin