

### **First-Time Homebuyer Refundable Tax Credit:**

The American Recovery and Reinvestment Act modified a tax credit for first-time buyers on homes purchased between January 1, 2009 and November 30, 2009. The tax credit is equal to lesser of 10 percent of the home's cost, or \$8,000.

For example, if the house is less than \$80,000, you do not receive the full \$8,000 credit but instead a credit of 10 percent of the home's purchase price.

The credit is refundable, meaning that even first-time buyers who do not owe any federal income tax will receive a check. Any unused amount of the tax credit will be refunded for the purchaser when the tax return is filed.

To be eligible, the purchaser (and purchaser's spouse) can not have owned a principal residence in the three years prior to the purchase. The full amount of the credit is available for individuals with an adjusted gross income of no more than \$75,000 (\$150,000 on a joint return) and phases out for individuals who earn more than \$95,000 (\$170,000 on a joint return).

If the home is sold within three years of purchase, the entire amount of the credit is recaptured on the sale.