

IRS Stimulate Home Buyer Credit Disclosure

Below is a brief description of the new laws and extensions to the Home Buyer Credit.

New law that went into effect Nov. 6 extends the first-time homebuyer credit five months and expands the eligibility requirements for purchasers. The Worker, Homeownership, and Business Assistance Act of 2009 extends the deadline for qualifying home purchases from Nov. 30, 2009, to April 30, 2010. Additionally, if a buyer enters into a binding contract by April 30, 2010, the buyer has until June 30, 2010, to settle on the purchase.

The maximum credit amount remains at \$8,000 for a first-time homebuyer — that is, a buyer who has not owned a primary residence during the three years up to the date of purchase.

The new law also provides a “long-time resident” credit of up to \$6,500 to others who do not qualify as “first-time homebuyers.” To qualify this way, a buyer must have owned and used the same home as a principal or primary residence for at least five consecutive years of the eight-year period ending on the date of purchase of a new home as a primary residence.

For all qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 tax returns.

Taxpayers who claim the credit on their 2009 tax return will not be able to file electronically but instead will need to file a paper return.

Income Limits Rise

The new law raises the income limits for people who purchase homes after Nov. 6. The full credit will be available to taxpayers with modified adjusted gross incomes (MAGI) up to \$125,000, or \$225,000 for joint filers. Those with MAGI between \$125,000 and \$145,000, or \$225,000 and \$245,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

For homes purchased prior to Nov. 7, 2009, existing MAGI limits remain in place. The full credit is available to taxpayers with MAGI up to \$75,000, or \$150,000 for joint filers. Those with MAGI between \$75,000 and \$95,000, or \$150,000 and \$170,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

New Requirements

Several new restrictions on purchases that occur after Nov. 6 go into effect with the new law:

- Dependents are not eligible to claim the credit.
- No credit is available if the purchase price of a home is more than \$800,000.
- A purchaser must be at least 18 years of age on the date of purchase.
- Authorizes the credit for long-time homeowners buying a replacement principal residence.
 - Raises the income limitations for homeowners claiming the credit.

Atlanta

866 Martin Luther King Dr.
Atlanta, GA 30314
(404) 228-1783 Office
(404) 228-2407 Fax

Stone Mountain

5727 Rockbridge Rd. Suite 110
Stone Mountain, GA 30087
(770) 559-4400 Office
(770) 559-4525 Fax

email info@swifttaxsolutions.com

web www.swifttaxsolutions.com

General Information

Homebuyers who purchased a home in 2008, 2009 or 2010 may be able to take advantage of the first-time homebuyer credit. The credit:

- Applies only to homes used as a taxpayer's principal residence.
- Reduces a taxpayer's tax bill or increases his or her refund, dollar for dollar.
- Is fully refundable, meaning the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed

For more information on the Homebuyer Credit please visit www.irs.gov Click on the Homebuyer Credit Link to read more.

Please be advised, any client applying for the Home Buyer Credit must adhere to the requirements set forth by the Internal Revenue Service and Laws set forth by the American Recovery and Reinvestment Act of 2009. The undersigned acknowledges these laws and requirements set forth and agree to comply. The undersigned if necessary shall contact the appropriate legal counsel and/or public accountant to obtain qualified counsel relating to implications in regard to Home Buyer Credit. No oral representation, statements, nor inducements, apart from foregoing written agreement have been made and 1 and 2 Tax Specialist are held Harmless.

In signing this release, I acknowledge and represent that I have read the requirements disclosed within and sign it voluntarily on my own free act and deed. I am at least (18) years of age and fully competent.

Print Client Name

Client Signature