

# The Home Buyer Tax Credit

Significant tax incentives exist for both [first-time buyers](#) and [those who already own](#).

An extension of the first-time home buyer tax credit signed into law on November 6, 2009 provides an incredible incentive for existing owners. For both groups, the tax credit is available to those who sign a purchase agreement before April 30, 2010.

## For existing owners

Existing homeowners are eligible for a tax credit of up to \$6,500 (\$3,200 for those who are filing separately). Here are some more details:

- You must have owned your home and used it as a principal residence for at least five consecutive years of the previous eight years. (E.g. If you sold a home you owned and lived in for five years two years ago, and have been renting since, you'd still be eligible for the credit.)
- As long as there is a written, binding contract to purchase that is signed before April 30, 2010, you will be eligible for the credit. You will have until June 30, 2010 to close.
- The income limits to qualify for the full credit are \$125,000 for a single person and \$225,000 for a married couple. Individuals earning up to \$145,000 and married couples earning up to \$245,000 are eligible for partial credit.
- The credit cannot be used on homes costing more than \$800,000. This is an absolute ceiling.
- Your new house does not need to cost more than your old house for you to be approved for the credit.

## For first-time buyers

The first-time buyer credit of up to \$8,000 has been extended to April 30, 2010. To qualify, you must have a written, binding contract in place before April 30, 2010, and close the transaction before June 30, 2010.

Another aspect of the bill that extends the credit is an increased income limit. The income limits to qualify for the full credit are \$125,000 for a single person and \$225,000 for a married couple. Individuals earning up to \$145,000 and married couples earning up to \$245,000 are eligible for partial credit.

Here are some additional details about the tax credit first-time buyers should consider:

- "First-time home buyers" are defined as buyers who have not owned a principal residence during the three-year period prior to the purchase. For married couples, both spouses need to fit this requirement to qualify for the tax credit.
- These home buyers can receive a tax credit on their income tax return in the amount of 10% of the cost of a single-family home used as a principal residence, set to a maximum amount of \$8,000. The credit is available for any type of home.
- The credit does not have to be repaid.