

Tax credit available for homebuyers

Individuals and couples considering buying their first home can take advantage of a federal income tax credit, said Bob Pezant, managing broker of ERA Stirling Properties Hammond Office.

"The American Recovery and Reinvestment Act modified the existing, temporary federal income tax credit for qualified first-time homebuyers," Pezant said, "and for those who qualify, the changes to this incentive make it even more valuable. The incentive has been extended, but it won't last forever; for those considering home ownership, 2009 is proving to be a unique and compelling opportunity."

In this version of the tax credit, qualified "first-time" buyer — defined as an individual who has not owned a home during the past three years — can receive a federal tax credit of 10 percent of the cost of their principal residence, up to a maximum credit of \$8,000. Buyers receive a tax credit (in essence, an interest-free loan) on their personal income tax return in the calendar year following the year of closing on their home.

Unlike the previously available tax credit, the modified version does not

require homebuyers to repay the credit as long as they retain ownership of the home, as their primary residence, for three years. This incentive is also retroactive covering homes purchased on or after Jan. 1, 2009.

"This temporary tax credit provides one more sound reason for first-time buyers to take advantage of today's attractive interest rates and ample inventory of homes, as well as save on their federal taxes," Pezant said. "The benefits are significant. For example, if a home costs \$65,000, the allowable credit is \$6,500. For a home that's purchased for \$120,000, the allowable credit is \$8,000."

Pezant cautions that although the incentive has been extended, it is only temporary. To be eligible for the tax credit, qualified first-time buyers must purchase and reside in the principal residence before Dec. 1, 2009. Other eligibility requirements must be met to receive the credit, Pezant noted, including income limits. Individuals who exceed the limit may be eligible for a partial credit. Buyers should seek advice from a professional tax adviser for specific tax calculations.

To find out more, call ERA Stirling Properties in Hammond at 542-3399.