

The Woodside Connection  
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## Tax Credit FAQ's

***Who is eligible?*** Taxpayers who have not owned a home within the U.S. three years prior to purchasing a new or resale home in the United States. The closing and transfer of title on the home must be completed between April 9 and December 31, 2008 for the 2008 credit, and between January 1, 2009 and November 30, 2009 for the 2009 credit.

***What is the amount of credit?*** The credit allows for 10 percent of the purchase price. The maximum credit is \$7,500 for 2008 and \$8,000 for 2009.

***Are there income limits?*** Income limits are \$75,000 for a single filer and \$150,000 for a couple filing jointly. The IRS bases the credit on your modified adjusted gross income (MAGI). Your MAGI equals your adjusted gross income (AGI) plus IRA contribution deductions, foreign housing deductions, student loan deductions, higher education expense deductions and foreign income. Partial credit is available to some with higher MAGI.

***Does my home qualify?*** The home qualifies if it is the taxpayer's principal residence, is located within the U.S. and purchased between April 9, 2008 through July 1, 2009 for the 2008 tax credit, and January 1, 2008 through November 30, 2009 for the 2009 tax credit. For new construction, the date you actually occupy the residence will be considered the purchase date.

***What if I don't owe taxes or I'm exempt from filing?*** It doesn't matter. The credit applies to qualified applicants regardless of filing requirements, even to those who do not owe taxes or are exempt from filing. You may file solely to claim the first-time home buyer credit.

***How do I claim the credit?*** Although you are not required to claim the credit, you may do so by filing a Form 5405. You'll need to file the form with the applicable 2008 or 2009 federal income tax return.

***Does the tax credit act as a tax deduction?*** No. A tax deduction only diminishes the amount of income taxed. For instance, if the taxpayer's AGI is \$40,000, then a deduction would reduce the amount taxed by \$8,000, depending on the amount of applicable credit. The taxpayer would be taxed on the remaining amount of \$32,000. Instead, the credit is directly deducted from what the taxpayer owes the government. If the taxpayer owes \$2,000 to the IRS, then \$6,000 would be the amount refunded to the taxpayer. If the taxpayer owes nothing, then the entire \$8,000 would be refunded, depending on the applicable credit.