

Tips for Taxpayers

\$8,000 Refundable Tax Credit Available for 2009 Homebuyers

Home Buyer Alert!
Certain 2009 home buyers
can get an \$8,000 tax
refund on their 2008 tax
return.

The little known tax credit, for first time homebuyers, was boosted by the newly signed Stimulus Bill. The refundable tax credit is now up to \$8,000. A significant advantage is now the credit is not required to be repaid.

To qualify for the enhanced credit, Taxpayers must purchase a home between January 1, 2009 and December 1, 2009. A married couple's adjusted gross income needs to be under \$150,000 and the credit is 10%

on the first \$80,000 of the purchase price. The taxpayer cannot have owned a principal residence in the U.S. in the previous three years.

The credit will have to be repaid if the taxpayer disposes of the home or no longer uses it as a principal residence within three years after purchase. Taxpayers can elect to take the credit on their 2008 or 2009 returns.

My good friend Peter Padilla tells me that FHA financing requires a minimum 3 1/2% down payment. That means you can buy a \$228,000 house with what amounts to \$0 down. You may need to borrow the down payment from friends or family members until your refund check arrives, usually six to eight weeks after you close on the home and file an original or amended 2008 income tax return.

Of course the above are general rules (exceptions abound) and not intended to provide specific advice. Contact your tax advisor to get an answer for your specific situation.

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