



Buying a home? You might get a refund and a special tax credit!

Who can get the tax credit?

1. **First time home buyers.** You are a first-time home buyer if:

- You haven't owned a main home for 3 years before buying this home. If you are married, this has to be true for both of you. Main home means the one you live in most of the time.
- You bought the home after April 8, 2008 but before May 1, 2010. The home must be in the U.S.
- Have a contract to buy the home by April 30, 2010? Then you must close by June 30, 2010.



2. **People who own a home but want a different one.** This means:

- You own a home now and want to sell it.
- It has been your main home. **Main home** means the one you live in most of the time.
- In the last 8 years, you have lived there at least 5 years in a row.
- You buy a different home after November 6, 2009 but before May 1, 2010. The home must be in the U.S.

How do I get the home buyer credit? Claim the tax credit on your tax return. For homes bought in 2008 or 2009, use your 2008 or 2009 tax return. For homes bought in 2010 use your 2009 or 2010 tax return.

If you bought the home before November 7, 2009, you must fill out IRS Form 5405. You will need to attach a copy of your settlement statement to your return.

If you bought the home after November 6, 2009, you must fill out the Form 5405 that is dated December 2009. You will need to attach a copy of your settlement statement to your return.

What if I have already filed my tax return? You may be able to change (amend) your tax return after you filed it.

How much is the credit? It depends on if you are a first time buyer. And it depends on when you bought your home. Are you building your home? Then the day you move in counts as the day you bought it.

If you bought your home in 2008

1. You must be a **first time home buyer**.
2. You must have bought the home after April 8, 2008 but on or before December 31, 2008. You must finish buying the home before you get the credit.
3. Your modified adjusted gross income must be less than \$95,000. Married and filing a joint tax return? Then your modified adjusted gross income must be less than \$170,000.
Modified adjusted gross income is your year's income after certain amounts are taken out (see IRS Form 5405).

How much is the tax credit?

It is up to 10% of the cost of the home. The most you can get is \$7,500. Are you married and filing separate tax returns? Then the most your tax credit will be is \$3,750.

You must pay this tax credit

back. You must make a payment once a year for 15 years, starting in 2010. If you get \$7,500, your payment is \$500 a year.

How do I pay? You pay when you file your tax return. If you get a refund, the payment is taken out of the refund. Didn't get a refund? Or the refund was not enough to cover the payment? Then send the payment with your tax return.



If you bought your home between Jan. 1, 2009 and Nov. 6, 2009

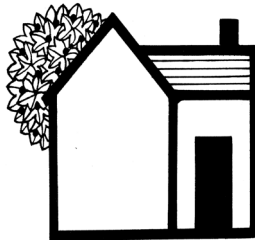
1. You must be a **first time home buyer**.
2. You must buy the home before December 1, 2009. You must finish buying the home before you get the credit.
3. Your modified adjusted gross income must be less than \$95,000. Married and filing a joint tax return? Then your modified adjusted gross income must be less than \$170,000.
Modified adjusted gross income is your year's income after certain amounts are taken out (see IRS Form 5405).

How much is the tax credit? It is up to 10% of the cost of the home. The most you can get is \$8,000. Are you married and filing separate tax returns? Then the most your tax credit will be is \$4,000.

Do I have to pay the credit back? No. Not if this is your main home for 36 months after you buy it.

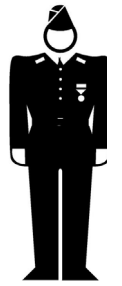
If you bought your home AFTER Nov. 6, 2009

1. You can be a **first time home buyer**. **OR** you can **own a home but want a different one**. You must meet all these rules:
 - The home you own has been your main home. **Main home** means the one you live in most of the time.
 - In the last 8 years, you have lived there at least 5 years in a row.
2. You, or your husband or wife, must be 18 or older.
3. You can't be listed as a dependent on anyone's tax return.
4. Your modified adjusted gross income must be less than \$145,000. Married and filing a joint tax return? Then your modified adjusted gross income must be less than \$245,000.
Modified adjusted gross income is your year's income after certain amounts are taken out (see IRS Form 5405).
5. You must have a contract to buy the home before May 1, 2010. You must close on the house by June 30, 2010.
6. The home must cost less than \$800,000.



Important! Are you or your husband or wife **in the military**?

Then you may have an extra year to buy a home in the U.S. You must sign a contract by May 1, 2011 and close by June 30, 2011.



How much is the tax credit?

It is up to 10% of the cost of the home. If you are a first time home buyer, the most you can get is \$8,000. Are you married and filing separate tax returns? Then the most your tax credit will be is \$4,000.

If you own a home and are buying a different one, the most you can get is \$6,500.

Do I have to pay the credit back?

No. Not if this is your main home for 36 months after you buy it.

You can't get the credit if:

- You buy the house from your parent, husband, wife, grandparent, child or grandchild
- You sell the house before the end of the year you bought it
- You are a nonresident alien (for the definition, see our brochure "Taxation of New U.S. Taxpayers")
- You don't attach a settlement statement to your tax return.



To find out more, see the instructions for IRS Form 5405.

Tennessee Taxpayer Project

A Low Income Taxpayer Clinic
P.O. Box 5209

Oak Ridge, TN 37831

1-866-481-3669

It's a free call.

Legal Aid Society

of Middle Tennessee and the Cumberland