

The clock is ticking!



**BUY
NOW
Mississippi** REALTOR®

Buy and close on a home by November 30 and you may qualify for an \$8,000 federal tax credit that does not have to be repaid. The tax credit is available to first-time home buyers and those who have not owned a home for the past three years.

Who qualifies?

First-time home buyers who purchase homes between January 1, 2009 and December 1, 2009. To qualify as a "first-time home buyer" the purchaser or his/her spouse may not have owned a residence during the three years prior to the purchase.

Which properties are eligible?

The 2009 First-Time Home Buyer Tax Credit may be applied to primary residences, including: single-family homes, condos, townhomes, and co-ops.

How much will the credit be?

The maximum allowable credit for home buyers is \$8,000. Each home buyer's tax credit is determined by two factors:

1. The price of the home—the credit is equal to 10% of the purchase price of the home, up to \$8,000.
2. The buyer's income—single buyers with incomes up to \$75,000 and married couples with incomes up to \$150,000—may receive the maximum tax credit.

Will the tax credit need to be repaid?

No. The buyer does not need to repay the tax credit, if he/she occupies the home for three years or more. However, if the property is sold during the three-year period, the credit will be recouped on the sale.

How does the tax credit work?

Every dollar of the tax credit reduces income taxes by a dollar. Credits are claimed on an individual's income tax return. If a person has a total tax liability of \$9,000, for example, an \$8,000 credit would wipe out all but \$1,000 of the taxes due. If the total tax liability before calculating the credit was \$5,000, the IRS would send the purchaser a check for \$3,000.

Do I have to wait until next year to get the credit?

The home can be treated as a purchase made on December 31, 2008 so that the purchaser can claim the credit on his/her 2008 tax return that was due on April 15, 2009. If you received an extension

on your 2008 income tax return, you can still claim the credit as late as October 15, 2009. If you have already filed your 2008 return before the purchase of the home, you can file an amended 2008 tax return. If you plan to claim the credit in 2009, you can modify your income tax withholding (through employer) or adjust your quarterly estimated tax payments.

Can I use the tax credit as part of my down payment?

No. A handful of state housing finance agencies offer a product buyers can use that will effectively monetize the tax credit for down payment purposes. This product is not currently available in Mississippi. The Mississippi Association of REALTORS is working with statewide elected leaders, the Mississippi Home Corporation, the Home Builders Association of Mississippi and other interested parties to explore ways of making a similar product available in Mississippi.



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All real estate is local. Contact a local REALTOR® to learn more.

Consult a qualified tax professional for specific advice on your own tax situation.

Sources: National Association of REALTORS, Florida Association of REALTORS®