
Law Updates for Income Tax Planning for Financial Planners

WORKER, HOMEOWNERSHIP AND BUSINESS ASSISTANCE ACT OF 2009

The First-Time Homebuyer Credit (up to \$8,000) has been extended for eligible taxpayers who buy or enter into a binding contract to purchase a main principal residence on or before April 30, 2010 and close on that home by June 30, 2010. Taxpayers have the option of claiming the credit on either their 2009 or 2010 income tax return for a 2010 qualifying purchase.

For a purchase made beginning November 6, 2009, the modified adjusted gross income phaseout limits have been increased to \$125,000-\$145,000 (individual taxpayers) and \$225,000-\$245,000 (joint filers).

Long-time homeowners who purchase a replacement main principal residence can claim a homebuyer credit of up to \$6,500 (up to \$3,250 for a married individual filing separately). The taxpayer must have lived in the same main principal residence for any five-consecutive year period during the eight-year period preceeding the date the replacement main principal home is purchased. A taxpayer can qualify for the credit based on a purchase being made beginning November 6, 2009 and ending on June 30, 2010. In addition, a binding contract to purchase the replacement main principal residence must be executed on or before April 30, 2010.

For a purchase made after November 6, 2009, the credit can only be claimed for a main principal residence that costs \$800,000 or less.