

HOMEBUYER TAX CREDIT SUMMARY

S.A. 2712 would:

- Extend through April 30, 2010 the tax credit for first-time homebuyers (up to \$8,000 or up to 10 percent of the purchase price of the residence), allowing 60 days to close, provided that the homes are under a binding contract by that date;
- Provide homebuyer tax credit of up to \$6,500 to owners who have been in the same principal residence for five consecutive years during the previous eight years;
- Increase the income limitations to \$125,000 for individuals and \$225,000 for joint filers;
- Phase out the credit for individuals with incomes above \$125,000 for individuals and \$225,000 for joint filers at the same rate as current law (over the next \$20,000);
- Limit the credit to purchases of principal residences equal to or less than \$800,000;
- Eliminate the 36-month recapture requirement for military personnel, including members of the Foreign Service and intelligence community, forced to sell as a result of an official extended duty of service; and
- Extend the tax credit for one year for military personnel serving outside the United States for at least 90 days in 2009 or 2010.

S.A. 2712 would also include anti-fraud language. The measure would not extend the credit to taxpayers under the age of 18 on the date of purchase unless that person is married to a taxpayer above the age of 18. The amendment would also require a properly executed copy of the settlement statement to be attached to the tax return. Moreover, the substitute would expand the restriction on a residence acquired from a family member to include a residence acquired from a spouse's family member.

S.A. 2712 would also extend math and clerical error authority to the Internal Revenue Service.