

# Home Buyer Tax Credits Facts

There is something here for everyone! Which one works for you?

## Kentucky up to \$5,000 New Home Purchase

- The up to \$5,000 state income tax credit can be applied against state tax liability for the purchase of a new, not previously occupied home in the state of Kentucky.
- To qualify you must fax the New Home Tax Credit form to the Department of Revenue at (502) 564-3706 within seven (7) days of the closing.
- The tax credit is non-refundable, meaning you will not receive a refund of any unused portion and may not be carried forward or backward to another year.
- The home purchased must be a single family dwelling that will be used as the primary residence for at least two years.
- New homes must be purchased, with a complete sale by **July 26, 2010** to qualify.

## \$6,500 Repeat Buyer

- The \$6,500 tax credit is available for repeat buyers who have lived in their primary residence consecutively for five of the last eight years. Repeat buyers do not have to purchase a home that is more expensive than their previous home to receive the tax credit.
- The tax credit can be applied to the purchase of a new or existing home.
- The tax credit is equal to 10 percent of the purchase price of the home up to \$6,500.
- The purchase price of the home must be \$800,000 or less to qualify.
- The income limitations to qualify must be less than \$125,000 for an individual and less than \$225,000 for joint filers.
- The tax credit is refundable and does not have to be paid back unless the home owner sold the home within three years after purchase.
- Qualifying homes will be under a binding contract for purchase by **April 30, 2010** and will have completed the sale by **June 30, 2010**.

## \$8,000 First-Time Buyer

- The \$8,000 tax credit is available for first-time buyers only.
- The tax credit can be applied to the purchase of a new or existing home.
- A first-time buyer is defined as a person who has not owned a principal residence during the three-year period prior to the purchase.
- The tax credit is equal to 10 percent of the purchase price of the home up to \$8,000.
- The income limitations to qualify must be less than \$125,000 for an individual and less than \$225,000 for joint filers.
- The tax credit is refundable and does not have to be paid back unless the home owner sold the home within three years after purchase.
- Qualifying homes will be under a binding contract for purchase by **April 30, 2010** and will have completed the sale by **June 30, 2010**.

## Mortgage Credit Certificate

- Through the Kentucky Housing Corporation, the federal government allows first time homeowner an income tax deduction for part of the interest paid each year on a mortgage loan. The Mortgage Credit Certificate gives you a tax credit of up to \$2,000 each year (25% of total interest), which reduces the amount of federal income tax you pay and puts more money in your pocket during the year.
- The credit can be taken for the life of the loan. If you sell your home before nine years you could be subject to a Federal Recapture Tax.