

CALIFORNIA HOMEBUYER TAX CREDIT

It is now possible for California homebuyers to receive up to a \$10,000 tax credit if they purchase a new home between March 1, 2009 and March 1, 2010. The legislative bill that the Governor has signed sets aside \$100 million for the tax credits. It is estimated that it will affect 10,000 new homes.

Program details

1. The tax credit is not a loan. The buyer does not have to pay it back if the home remains the primary residence for 2 years.
2. If the taxpayer does not occupy the home for 2 years, the credit will be cancelled and the taxpayer will be liable for any previous credits.
3. The seller must certify that the home has never been occupied. This certification must be submitted with taxpayer's tax return.
4. The tax credit will be equal to 5% of the purchase price or \$10,000, whichever is less.
5. The tax credit will be applied in equal amounts over the three successive taxable years beginning with the taxable year in which the purchase of the qualified residence is made.
6. This tax credit is not limited to first time buyers unlike the Federal tax credits.
7. This program is for new homes only. This means newly constructed homes that have never been occupied.
8. The California tax credit may be used along with the federal tax credit.