

HOMEBUYER TAX CREDIT

FEATURE	CURRENT LAW	HOUSE VERSION H.R. 1	SENATE VERSION (Isakson-Lieberman Amendment)
Amount of Credit	Lesser of 10 percent of cost of home or \$7500	Same as current law	Lesser of 10 percent of cost of home or \$15,000 , but only for purchases beginning the date the President signs bill.
Eligible Property	Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence	Same as current law	Same as current law
Refundable	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.	Same as current law	No. The credit can reduce tax liability to zero, but if purchaser's tax liability is less than the amount of the credit, the unused portion is not refunded to purchaser.
Income Limit	Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000, respectively).	Same as current law	None.
First-time Homebuyer Only	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase	Same as current law	No. All purchasers, not just first-time homebuyers, are eligible for credit.
Recapture/Repayment	Yes. Portion (6.67% of credit) to be repaid each year for 15 years, starting with 2010 tax filing. If home sold before 15 years, then remainder of repayment amount recaptured on sale.	Yes and No. Repayment will apply to 2008 purchases. For 2009 purchases, the credit will not be repayable UNLESS the home is sold within three years of purchase.	Yes and No. For 2009 purchases, the credit will not be repayable UNLESS the home is sold within two years of purchase. Repayment will continue to apply to all 2008 purchases and 2009 purchases before date of enactment.

Effective Date	Purchases on or after April 9, 2008. Repayment to begin for 2010 tax year (return filed in 2011.)	Repayment elimination applies only to 2009 purchases	\$15,000 amount and repayment feature effective as of date of enactment (date of President's signature).
Termination	July 1, 2009	July 1, 2009	September 1, 2009
Interaction with Alternative Minimum Tax (AMT)	Can be used against AMT, so credit will not throw individual into AMT.	Same as current law	Same as current law
Allocation Election (Utilizing the credit over 2 years rather than only in the year of purchase)	No provision	No provision	A purchaser can make an election to take the credit over 2 years. If the purchaser makes this election, the amount claimed must be the same in both years.

Prepared February 5, 2009
Subject to Change