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For California homebuyers, tax time is now tax relief time too. Thanks to two recent laws, a California homebuyer may qualify for \$18,000 in tax credits for buying his or her piece of the American dream. The two tax credits are a first-time homebuyer credit up to \$8,000 under federal law, and a new home credit up to \$10,000 under California law. For more information on the tax credit laws, C.A.R.'s Legal Department has a legal article entitled [Housing Stimulus Laws of 2009](#) which is available for members only.

Here's a quick summary of the two tax credit laws:

HOMEBUYER TAX CREDIT	FEDERAL	CALIFORNIA
Amount of Tax Credit	10% of purchase price not to exceed \$8,000.	5% of purchase price, not to exceed \$10,000. Maximum tax credit for all taxpayers is \$100 million to be allocated on a first-come, first-served basis.
Principal Residence	Yes. Property purchased must be the taxpayer's principal residence which is generally the home the taxpayer lives in most of the time (26 U.S.C. § 121).	Yes. Property purchased must be a qualified principal residence and eligible for the homeowner's exemption from property taxes (Cal. Tax & Rev. Code § 218).
Type of Property	House, condominium, townhome, manufactured home, apartment cooperative, houseboat, houstrailer, or other type of property located in the U.S.	Single-family residence, whether detached or attached, condominium, cooperative project unit, houseboat, manufactured home, or mobilehome.
First-time Homebuyer	Yes. The buyer (and buyer's spouse if any) must not have owned a principal residence during the three-year period before date of purchase.	No. The buyer need not be a first-time homebuyer.
Unoccupied Property	No. Property may have been previously occupied or not.	Yes. Property must have never been previously occupied as certified by the seller.
Minimum Occupancy Requirement	Must be the buyer's principal residence for 36 months after purchase, otherwise credit must be repaid.	Must be the buyer's principal residence for 2 years after purchase, otherwise credit must be repaid.
Income Restriction	Yes. Tax credit begins to phase out if modified adjusted gross income is over \$75,000 (or \$150,000 for joint filers). No tax credit at all if modified adjusted gross income is over \$95,000 (or \$170,000 for joint filers).	No.
Date of Purchase	January 1, 2009 to November 30, 2009, inclusive. (Note: A repayable \$7,500 tax credit is available for purchases from April 9, 2008 to December 31, 2008.)	March 1, 2009 to February 28, 2010, unless \$100 million funding runs out.
Refundable	Yes. Any amount of the tax credit not used to reduce the tax owed may be added to the taxpayer's tax refund check.	No.

Repayment	The buyer need not repay the tax credit if the buyer owns and occupies the property for at least 36 months after the purchase.	The buyer need not repay the tax credit if the buyer owns and occupies the property for at least two years immediately following the purchase.
Multiple Buyers (not married to each other)	The \$8,000 tax credit may be allocated between eligible taxpayers in any reasonable manner.	The \$10,000 tax credit may be allocated between eligible taxpayers based on their percentage of ownership.
Maximum Credit for All Taxpayers	N/A	\$100 million.
When to Claim	Full tax credit may be claimed on 2008 or 2009 tax returns.	1/3 of total tax credit may be claimed each year for 3 successive years (e.g. \$3,333 for 2009, \$3,333 for 2010, and \$3,333 for 2011).
Tax Agency	Internal Revenue Service (IRS).	Franchise Tax Board (FTB).
How to File	First-Time Homebuyer Credit (IRS Form 5405) to be filed with 2008 or 2009 tax returns	Specific procedure for claiming credit includes completing an Application for New Home Credit (FTB Form 3528-A).
When to File Form	Form 5405 must be filed with 2008 or 2009 tax returns.	FTB Form 3528-A must be faxed by escrow to the FTB within one week after close of escrow and filed with the buyer's 2009 or 2010 tax returns.
Exceptions	Acquisitions by gift or inheritance, acquisitions from related persons as defined, and buyers who are nonresident aliens.	Credit allowed is not a business credit under Cal. Tax & Rev. Code § 17039.2.
Legal Authority	26 U.S.C. section 36.	Cal. Rev. & Tax Code section 17059 (as amended by Senate Bill 15).
Date of Enactment	February 17, 2009.	February 20, 2009.
More Information	IRS website at http://www.irs.gov/newsroom/article/0,,id=204671,00.html .	FTB website at http://www.ftb.ca.gov/individuals/New_Home_Credit.shtml which includes a tally of the \$100 million original funding that is still available.

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