

How to Determine the Homebuyer Tax Credit Available to Individuals and Households Exceeding the Income Limits

Revised Income Limits

- Individuals- \$125,000
 - Households- \$225,000
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Example: Individual

Annual Income	\$135,000
<u>Less Income Limit</u>	<u>\$125,000</u>
Excess income	\$10,000

Excess income becomes the numerator in a fraction, with \$20,000 as the denominator. The \$20,000 figure is defined in the legislation.

$$\$10,000/\$20,000 = .50$$

An individual earning \$135,000 per year will only qualify for 50% of the maximum \$8,000 tax credit, or \$4,000.

The tax credit phases-out for individuals earning more than \$145,000 per year.

Example: Household

Annual Income	\$240,000
<u>Less Income Limit</u>	<u>\$225,000</u>
Excess income	\$15,000

Excess income becomes the numerator in a fraction, with \$20,000 as the denominator. The \$20,000 figure is defined in the legislation.

$$\$15,000/\$20,000 = 0.75$$

A household earning \$240,000 per year will only qualify for 25% of the maximum \$8,000 tax credit, or \$2,000.

The tax credit phases-out for households earning more than \$245,000 per year.