

KEY INFORMATION

AB 183 was passed by the legislature on March 22, 2010 and gives the Franchise Tax Board (FTB) authority to extend a total of \$200 million in tax credits to California homebuyers; \$100 million for buyers of new, unoccupied homes and another \$100 million for first-time buyers of existing homes. The credit is from May 1, 2010 to December 31, 2010.

These tax credits are limited to the lesser of 5 percent of the purchase price or \$10,000 for a qualified principal residence. Taxpayers must apply the total tax credit in equal amounts over 3 successive tax years (maximum of \$3,333 per year) beginning with the tax year in which the home is purchased. The tax credits cannot reduce regular tax below tentative minimum tax (TMT). The tax credits are nonrefundable and unused credits cannot be carried over.

Applications must be faxed *after* escrow closes. ***Fax is the only delivery method*** that will be accepted.

Only one tax credit is allowed per taxpayer. If a taxpayer qualifies for both tax credits, the law specifies that we will allocate the amount under the New Home Credit.

Taxpayers will ***not*** be eligible for either tax credit if any of the following apply:

- 🔑 The taxpayer was allowed a 2009 New Home Credit.
- 🔑 The taxpayer is under 18 years old. (A taxpayer who is married as of the date of purchase will be considered to be 18 if the spouse/registered domestic partner (RDP) of the taxpayer is 18 or older on the date of purchase.)
- 🔑 The taxpayer or the taxpayer's spouse/RDP is related to the seller.
- 🔑 The taxpayer qualifies as a dependent of any other taxpayer for the tax year of the purchase.

FIRST-TIME BUYER CREDIT

These tax credits are limited to the lesser of 5 percent of the purchase price or \$10,000 for a qualified principal residence. Taxpayers must apply the total tax credit in equal amounts over 3 successive tax years (maximum of \$3,333 per year) beginning with the tax year in which the home is purchased.

A qualified principal residence, for purposes of the First-Time Buyer Credit, must:

- 🔑 Be a single family residence, either detached or attached. This can be a single family residence, a condominium, a unit in a cooperative project, a house boat, a manufactured home, or a mobile home. A home constructed by the taxpayer is not eligible since the home has not been "purchased."
- 🔑 Be eligible for the California property tax homeowner's exemption.
- 🔑 Be occupied by the taxpayer as their principal residence for a minimum of 2 years immediately following the purchase.

A first-time buyer is any individual (and the individual's spouse/RDP, if married on the date of purchase) who did not have an ownership interest in a principal residence, either in or out of California, during the preceding 3 year period ending on the date of the purchase of the qualified principal residence. If the buyer is married on the date of purchase and either the buyer or the buyer's spouse/RDP had an ownership interest in a principal residence during the preceding 3 year period, the buyer does not qualify for the First-Time Buyer Credit even if the spouse/RDP is not going to be on title.

- Tax credit allocation**
- A Certificate of Allocation will not be issued if:
 - We do not receive the application and a copy of the properly executed settlement statement within 2 weeks (14 calendar days) after the close of escrow.
 - We receive the application after the total tax credits available have been allocated.
 - FTB's determination may not be protested or appealed.

NEW HOME CREDIT

These tax credits are limited to the lesser of 5 percent of the purchase price or \$10,000 for a qualified principal residence. Taxpayers must apply the total tax credit in equal amounts over 3 successive tax years (maximum of \$3,333 per year) beginning with the tax year in which the home is purchased.

A qualified principal residence, for purposes of the New Home Credit, must:

- 🔑 Be a single family residence, either detached or attached. This can be a single family residence, a condominium, a unit in a cooperative project, a house boat, a manufactured home, or a mobile home. A home constructed by the taxpayer is not eligible since the home has not been "purchased."
- 🔑 Have never been occupied. Sellers must certify that the home has never been occupied in order for a taxpayer to receive an allocation of the credit.
- 🔑 Be eligible for the California property tax homeowner's exemption.
- 🔑 Be occupied by the taxpayer as their principal residence for a minimum of 2 years immediately following the purchase.

- Tax credit allocation**
- A Certificate of Allocation will not be issued if:
 - We do not receive the application and a copy of the properly executed settlement statement within 2 weeks (14 calendar days) after the close of escrow.
 - We receive the application after the total tax credits available have been allocated.
 - FTB's determination may not be protested or appealed.

