

YOUR MONEY

Back up claim with paperwork

Filing for homebuyer tax credit requires Form 5405

By **Amritha Alladi**

Pacific Daily News

aalladi@guampdn.com

Whether you've bought a house in the last year or stayed in the same home for five, there's likely a credit for you to look forward to collecting at the end of this tax season.

Just make sure you've got the paperwork to substantiate your claims.

The homebuyer tax credit allows first-time buyers to file for a tax credit up to \$8,000, and repeat home buyers to file for up to \$6,500, according to the Joint Committee on Taxation, thanks to the 2008 U.S. Economic Stimulus package.

To file for the credit, you'll need to claim the credit on Form 1040 and attach Form 5405 to the main tax form, along with documentation of the purchase of your home within the applicable time frame. If you're claiming a return for 2009 or later, you must attach a settlement statement that includes the names and signatures of all parties involved, property address, purchase price and the date of purchase, according to the Internal Revenue Service.

Filing for this credit requires you submit your return in paper copy, not electronically, according to the IRS Web site. However, you or your tax preparer can use electronic software to prepare the return. Just make sure it's postmarked by April 15.

Resident credit

To qualify for the longtime resident credit, you must have lived in the same main home consecutively

HOW IT WORKS

▲ **Tax credit:** Ten percent of the purchase price of a primary residence, up to a maximum of \$8,000 for first-time homebuyers and \$6,500 for repeat buyers. Repeat buyers must have owned their current home at least five years. The credit cannot be used for houses costing more than \$800,000.

▲ **Deadline:** Purchase agreements must be signed by April 30, 2010, and closings must be final by June 30.

▲ **Military deadline:** There is an extension by a year for those who have served outside the U.S. for at least 90 days from Jan. 1, 2009, to May 1, 2010.

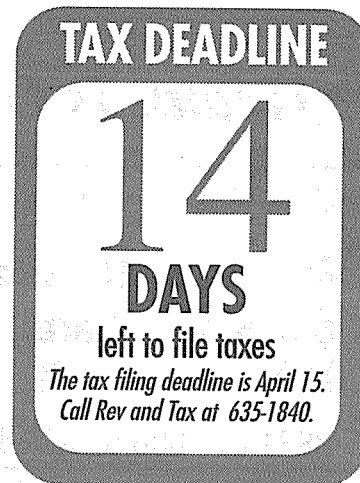
▲ **How to apply:** Taxpayers can claim the credit on their federal income tax returns. If the credit exceeds their tax bill, the government

will issue a tax refund. Taxpayers who want immediate refunds can amend their tax returns for 2008 to

for at least five years during the eight-year period ending on the purchase date of the new home, the IRS Web site states.

Steffen Niu, immediate past president of the Guam Association of Realtors, said letting repeat buyers in on this incentive is beneficial because they already have proven resources to complete a purchase.

Abaca Pacific Inc. President Ramon Quinene said many people think that if they've bought a house before, they wouldn't qualify for the first-time homebuyer tax credit. Yet the committee's definition of a "first-time homebuyer" includes people who haven't owned a home in the previous three years, he said.



will issue a tax refund. Taxpayers who want immediate refunds can amend their tax returns for 2008 to

Documents

Documents you can attach to claim this credit include Forms 1098, mortgage interest statement, or substitute mortgage interest statements, property tax records, or homeowner's insurance records, all covering the five-year period.

Including these documents will expedite the return process, though they aren't necessary, according to the IRS.

• Only individuals with annual incomes of up to \$125,000 and joint filers with incomes up to \$225,000 qualify for the full credit. Individuals with incomes up to \$145,000 and joint filers with incomes up to \$245,000 qualify for reduced credits, according to a report by The Associated Press.

claim the credit.

Joint Committee on Taxation

IMPORTANT DATES

▲ **April 15:** April 15 is the all-important tax-due date when all tax returns must be postmarked or filed. This year it's on a Thursday. If you need an extension, you can file a request for a tax filing extension. You may be granted an extension until Oct. 15 for the tax return, but payment for estimated taxes due is still April 15.

▲ **Oct. 15:** If you request and were approved for an extension, Oct. 15 is your new due date.

ON THE NET

▲ Download Forms 1040, 1040X, 5405 and the emergency form to request faster release of refunds at www.GuamPDN.com.

Quinene reminds Guam residents they won't get the credit until Guam Department of Revenue and Taxation has the funds to pay refunds.

According to Pacific Daily News files, Rev & Tax Director Art Ilag said as of March 4, his agency was processing tax refund special requests for 2007 and 2008. If you filed your 2008 tax returns by April 7, 2008, your tax returns are being processed, he said.

Generally, the agency is inundated with so many emergency requests that it doesn't necessarily issue refunds on a first-in, first-out basis, he said.

For those people who are facing hardship and are still waiting on returns from years past, Rev & Tax's emergency form can be downloaded at www.GuamPDN.com.