
Home buyer tax credits: Military gets extra year

BALTIMORE (5/12/10)--Although the \$8,000 federal tax credit for first-time home buyers ended April 30, members of the military and certain other federal employees have another year to take advantage of this housewarming gift from Uncle Sam (*BaltimoreSun.com* April 30).

Congress approved the extension to accommodate service members who may have missed the window of opportunity to claim the tax credit due to being posted overseas (*Atlantarealestateforum.com* April 26).

Although this is great news for military families, understand and follow the rules:

- *Who qualifies?* You must be a member of the uniformed services of the U.S. military, a member of the Foreign Service of the U.S., or an employee of the intelligence community. In addition, you must have served on official extended duty--outside the U.S.--for 90 days or more at any time after Dec. 31, 2008 and before May 1, 2010. Only one spouse is required to be overseas to qualify for the extension, according to the Internal Revenue Service.
- *What is the deadline?* You must sign a sales contract by April 30, 2011, and you must settle and close on the home by June 30, 2011.
- *Does this apply to a vacation or second home?* No. The tax credit applies only to a principal residence in the U.S.
- *Is the extension only for first-time home buyers?* No; qualified service members may take advantage of the \$6,500 repeat home buyer tax credit.
- *Will I lose the credit if I sell the house within a few years?* If you have to sell your house because you received government orders for extended duty service, the requirement to repay the credit for moving out of the house within three years is waived.