



Fox Rothschild LLP
ATTORNEYS AT LAW

In the Zone

Presented by the Zoning and Land Use Practice Group

February 2010

Home Buyer Tax Credit; New NOL Rules Signed Into Law

By Robert W. Gundlach, Jr.



Congress approved legislation that will extend the first-time home buyer tax credit beyond its November 30 deadline and expand it to a wider group of home buyers. The bill also provides relief to home builders by providing broader tax benefits for businesses with net operating losses (NOLs).

The legislation, which was signed into law by President Obama on November 6, will extend the \$8,000 credit for first-time home buyers for sales contracts entered into by April 30, 2010, and closed on by

June 30, 2010. It has been expanded to include a new \$6,500 credit for owners of existing homes who are purchasing a new principal residence. Existing home owners can claim the \$6,500 tax credit if they have been residing in their principal residence for five consecutive years out of the last eight.

In addition, the income eligibility limits to claim the full credit amount for both groups of home buyers have been raised from \$75,000 for single taxpayers and \$150,000 for married taxpayers filing a joint return to \$125,000 for individuals and \$225,000 for married couples.

For NOLs, the new law will allow all businesses with operating losses in 2008 or 2009, not both, to claim refunds on taxes paid up to five years ago. Businesses can offset 100 percent of taxable income with NOLs carried back in years one through four and offset 50 percent of income in year five. Small businesses with less than \$15 million in gross receipts would be able to claim a five-year carry back for 2009 losses under the American Recovery and Reinvestment Act and for 2009 losses under the new law.

For more information, please contact Robert W. Gundlach, Jr. at 215.918.3636 or rgundlach@foxrothschild.com.

Attorney Advertisement

© 2010 Fox Rothschild LLP. All rights reserved. This publication is intended for general information purposes only. It does not constitute legal advice. The reader should consult with knowledgeable legal counsel to determine how applicable laws apply to specific facts and situations. This publication is based on the most current information at the time it was written. Since it is possible that the laws or other circumstances may have changed since publication, please call us to discuss any action you may be considering as a result of reading this publication.