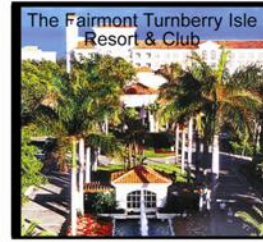
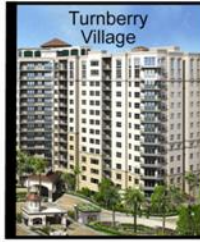


AVENTURA *News*



Serving Aventura, Bal Harbour, Bay Harbor, Golden Beach, Hallandale, Hollywood, Sunny Isles Beach, Surfside

www.communitynewspapers.com

Sept. 10—16, 2008

CPA Angelica Montealegre explains the Housing Assistance Tax Act of 2008

The Housing Assistance Tax Act of 2008 provides tax law changes that will affect individuals as well as small businesses.

“The single largest provision of this \$15.1 Billion package of housing tax incentives is the first time home buyer tax credit,” says Montealegre. “This credit is essentially an interest free loan from the federal government equal to 10% of the purchase price of the home up to a maximum of \$7,500 and is available to first time homebuyers.”

A person is considered a first time home buyer if he or she and their spouse had no ownership interest in a principle residence during the three year period prior to the purchase of the new home. The credit is taken on the 2008 or 2009 tax return and if it is greater than the taxes owed, it will be refunded to the taxpayer. The credit is applicable for home purchases between April 9, 2008 and June 30, 2009.

“This credit is then repaid over 15 years, interest free,” explains Montealegre. “Repayments begin two years after the year in which the residence is purchased. The credit begins to phase out for individuals at \$75,000 and for married taxpayers at \$150,000.”



Another provision of the new law is that taxpayers who normally do not itemize because their deductible expenses such as mortgage interest and property taxes do not add up to more than the standard deduction will have a new standard deduction. This new deduction is available only in 2008 and is equal to either the real property taxes paid or \$500 for individuals and \$1,000 for married taxpayers, whichever is less.

This new legislation is also addressing the home sale exclusion rules. Most homeowners are aware of the home sale exclusion of the gain on homes of up to \$500,000. To be eligible, a taxpayer must have owned the home and lived in it as his or her personal residence for at least two of the five years prior to the sale.

The new law requires homeowners to pay taxes on gains on the sale of their homes for the portion of the time the home was not used as primary residence. This new income inclusion rule applies to home sales after December 31, 2008 and is based on non-qualified use periods that begin on January 1, 2009.

For more information on this new tax law as well as other services offered by Angelica F. Montealegre, CPA, PA call 954-272-2700 or visit cparesults.com