

Homebuyer Tax Credits

Norton D.C.- Only Homebuyer and Business Tax Credits for 2006 Expected to be Extended Soon Norton Files New Tax Relief Bill For City

The invaluable \$5,000 D.C. Homebuyer Tax Credit and the Business Tax Credits that expired on December 31, 2005 are awaiting expected final approval. They are expected to be extended through the end of 2006 soon and made retroactive for the entire year. See more details on the Norton Homebuyer Tax Credit below. Call 225-8050 for general information about Business Tax Credits. For information about business qualifications, click here for the D.C. Office of Planning and Economic Development or call 727-6365. Click here to see the Congresswoman's Tax Day news release on the District of Columbia Tax Incentives Improvement Act of 2006.

Q & A on the \$5,000 D.C. Homebuyer Tax Credit

- Does it matter how much money I make?

Eligibility for the credit is phased out for single filers making \$70,000 to \$90,000 (adjusted gross income) and joint filers making \$110,000 to \$130,000. For example, single filers making \$70,000 (or joint filers making \$110,000) would receive the entire credit; single filers making \$80,000 (or joint filers making \$120,000) would receive a \$2,500 credit; single filers making \$90,000 (or joint filers making \$130,000) would not receive the credit.

- What if I have already owned a home in the suburbs or in the District?

Those who have owned a principal residence before in the suburbs or in the District are still eligible as long as they have not owned a home in the District of Columbia during the year preceding the new purchase.

- When do I get the \$5,000?

First-time homebuyers will claim the \$5,000 against federal income taxes they will file by April 15. If those taxes are less than \$5,000, the remainder of the credit can be carried over and applied against the next year's taxes.

- Must the home bought with the credit be my primary residence?

Yes. This home must not be an investment property.

- How do I get the proper IRS form I need to file for the tax credit?

Call the IRS at 1-800-TAX -FORM to get your copy of the tax form for the \$5,000

D.C. homebuyer tax credit. Ask for Form 8859 "DC Homebuyer" or download it from the IRS website at <http://www.irs.gov>