



SALMON SIMS THOMAS

Accountants and Consultants

**AMERICAN HOUSING RESCUE AND
FORECLOSURE PREVENTION ACT OF
2008
(H.R. 3221)**



FIRST-TIME HOMEBUYER TAX CREDIT

- 4/9/2008 – 7/1/2009
- 10% of the home's purchase price, up to \$7,500 MFJ and Single (\$3,750 MFS)
- Phaseout begins at \$150,000 MFJ (\$75,000 MFS Single)
- Complete phase out at \$170,000 MFJ (\$95,000 Single)
- Equal installments over 15 years
- Financing cannot be from mortgage revenue bonds



FIRST-TIME HOME BUYER TAX CREDIT

NO ownership interest in a principal residence during the three-year period before the home is purchased.

Planning:

- Renters who own a vacation home qualify for the credit.
- Must remain the principal residence through the close of the tax year in which the credit is taken
- 2008 returns can be amended
- Credit is forgiven in case of death
- Those constructing a home should fix the completion date before July 1, 2009.



PROPERTY TAX DEDUCTION

- Available to non-itemizers
- Maximum of \$1,000 MFJ (\$500 single)
- Only available in 2008

Planning:

- Adjust withholding or ES payment



LOW-INCOME HOUSING CREDIT

- Business tax credits did not offset AMT liability.
- The low-income housing credit and rehabilitation credit can now offset the AMT liability.
- Buildings placed in service and qualified rehabilitation expenses incurred after 12/31/2007



MORTGAGE REVENUE BONDS

- Sold by State and local governments
- Expanded to allow the refinancing of existing subprime loans
- Reasonably likely to cause financial hardship
- First time home buyer requirement waived for Presidentially-declared disaster areas
- Does not apply to bonds issued after December 31, 2010



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REVENUE SOURCES



HOME SALE EXCLUSION REVISED

- Sec 121 – currently excludes up to \$500k (MFJ) of gain if the home is used as the principal residence for at least two of the preceding five years.
- Under new law exclusion only available for the period of time it is used as a principal residence (qualified use)
- Pro-rata basis
- Effective for non-qualified use after 1/1/2009.



CREDIT CARD INFORMATION REPORTING

- Processors required to file information returns
- Includes third-party network transactions (online retailers)
- Effective 1/1/2011
- Backup withholding of 28% if TIN is not available
- De minimis exception: \$20k or 200 transactions



WORLDWIDE INTEREST ALLOCATION

- AJCA OF 2004 allows affiliated group of corporations to elect global interest expense allocation beginning in 2009
- Foreign Tax Credit is increased
- Delayed until tax years beginning after 12/31/2010