



Georgia Department of Revenue
Informational Bulletin CRED-2010-1-25
Eligible Single-Family Residence Tax Credit

January 25, 2010

1) **Purpose:** This informational bulletin explains the new income tax credit for a taxpayer's purchase of one eligible single-family residence made between June 1, 2009 and November 30, 2009.

2) **Supersedes:** All previous documents and any oral directives in conflict herewith.

3) **Summary of House Bill 261:**

House Bill 261 was signed into law on May 11, 2009 by Governor Sonny Perdue. This bill created O.C.G.A. § 48-7-29.17, which establishes an income tax credit against individual income tax for the purchase of an eligible single-family residence located in Georgia.

An eligible single-family residence is a single-family structure (including a condominium unit as defined in Code Section 44-3-71) that is occupied for residential purposes by a single family, that is:

a) Any residence (including a new residence, one occupied at the time of sale, or a previously occupied residence) that was for sale prior to May 11, 2009 and that remained for sale after May 11, 2009; or

b) A residence with respect to which a foreclosure event has taken place and which is owned by the mortgagor or the mortgagor's agent; or

c) An owner-occupied residence with respect to which the owner's acquisition indebtedness was in default on or before March 1, 2009.

Acquisition indebtedness is debt incurred in acquiring, constructing, or substantially improving a qualified residence and which is secured by such residence. Refinanced debt

is acquisition debt if at least a portion of such debt refinances the principal amount of existing acquisition indebtedness.

A taxpayer is allowed the tax credit for a purchase of one eligible single-family residence made between June 1, 2009 and November 30, 2009. The credit amount is the lesser of 1.2 percent of the purchase price of the eligible single-family residence or \$1,800.00. The amount of the tax credit that may be claimed and allowed in a single taxable year cannot exceed the lesser of 1/3 of the credit or the taxpayer's income tax liability. This means a maximum of \$600 may be claimed each year. Any unused tax credit can be carried forward but cannot be carried back.

4) Issues:

- a) How to claim the eligible single-family residence tax credit.
- b) When is a purchase considered to have occurred?

5) Discussion of Issues

a) Claiming the credit

To claim the tax credit, a taxpayer who purchases one eligible single-family residence between June 1, 2009 and November 30, 2009 must complete the eligible single-family residence tax credit portion of the 2009 Form IND-CR and include this form when they file their 2009 Form 500. The 2009 Form IND-CR will be posted to the Department's website in late 2009. The taxpayer must also include with their 2009 Form 500 the following documentation of the eligibility of the single-family residence:

1. A bona fide listing agreement with a real estate agent or broker licensed in this state, or documentation that the eligible single-family residence was for sale directly by the owner without a real estate agent or broker, or other appropriate documentation to validate the eligibility of the single-family residence. Please note that the inclusion of the FMLS or MLS listing of the property, which specifies the date(s) the property was listed for sale, will satisfy this requirement.
2. A copy of the closing statement.
3. If the residence qualifies because the owner's acquisition indebtedness was in default on or before March 1, 2009, or because it was a residence with respect to which a foreclosure event has taken place, the taxpayer must supply documentation to show that this was the case.

In the event the taxpayer files an electronic return, the documentation of eligibility of the single-family residence (listed above in Claiming the credit 1. 2. and 3.) does not have to

be submitted with the return. This documentation shall be maintained by the taxpayer and made available upon request by the Commissioner.

b) When is the purchase considered to have occurred?

The Department will use the closing date of the sale as the date the purchase occurred. However, if the contract is rescinded at a later date, as allowed by law or by contract, then no credit will be allowed.

6) Scope: An information bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers. An information bulletin does not have the force or effect of law, and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

(Last updated: January 25, 2010)

For More Information

For more information about the eligible single-family residence tax credit please reference HB 261 which can be viewed at:

http://www.legis.ga.gov/legis/2009_10/versions/hb261_HB_261_AP_10.htm

Or you may contact the Taxpayer Services Division at 404-417-4480 from 8:00 am to 4:30 pm EST, Monday through Friday, excluding holidays. Persons with hearing or speech impairments may call our TDD number at 404-417-4302. For forms and other information, visit our website (www.dor.ga.gov).