



California New Construction Limited Tax Credits Available to Buyers

Senate Bill 15 was approved by the Governor on February 20, 2009, and provides for a tax credit against the net tax for a taxpayer who purchases a qualified principal residence on or after March 1, 2009, and before March 1, 2010. The maximum amount of credits available to allocate is \$100,000,000.00 (one hundred million dollars) and are available on a first come first serve basis.

The following qualifications and limitations apply:

- The qualified principal residence is a single family residence, whether detached or attached, that has *never* been occupied

Allowed for the purchase of *one* qualified principal residence per taxpayer

- Must be occupied for at least *two years* immediately after the purchase and is eligible for the homeowners property tax exemption
- The credit is the lesser of 5% of the purchase price of the qualified principal residence or \$10,000.00 (ten thousand dollars). The credit must be claimed in equal amounts over three consecutive tax years beginning with the tax year the purchase is made

The seller must provide a certification to the taxpayer and the Franchise Tax Board within one week of the sale that the qualified principal residence has never been occupied. Upon certification, the Franchise Tax Board will allocate the credit to the taxpayer on a first come, first serve basis.

To claim the credit, the taxpayer will submit with each tax return the certification by the seller.