



REAL ESTATE TAX CREDIT EXTENDED FOR MILITARY PERSONNEL

The filing deadline is extended for military personnel. Military personnel who have been deployed overseas for a minimum of 90 days in 2008 or 2009 would have until April 30, 2011, to claim the tax credit on their federal income tax returns.

Members of the military and certain other federal employees serving outside the U.S. have an extra year to buy a principal residence in the U.S. and qualify for the credit. Thus, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2011. If a binding contract is entered into by that date, the taxpayer has until June 30, 2011, to close on the purchase. Members of the uniformed services, members of the Foreign Service and employees of the intelligence community are eligible for this special rule. It applies to any individual (and, if married, the individual's spouse) who serves on qualified official extended duty service outside of the United States for at least 90 days during the period beginning after Dec. 31, 2008, and ending before May 1, 2010.

In many cases, the credit repayment (recapture) requirement is waived for members of the uniformed services, members of the Foreign Service and employees of the intelligence community. This relief applies where a home is sold or stops being the taxpayer's principal residence after Dec. 31, 2008, in connection with government orders received by the individual (or the individual's spouse) for qualified official extended duty service. The credit is still allowable even if this happens during the year of purchase. Qualified official extended duty is any period of extended duty while serving at a place of duty at least 50 miles away from the taxpayer's principal residence (whether inside or outside the U.S.) or while residing under government orders in government quarters. Extended duty is defined as any period of duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

Question and Answer

Q. Are both spouses required to be overseas for the requisite time period in order to qualify for the 2011 extension to claim the credit?

A. Only one spouse must be overseas on official extended duty for the requisite amount of time for either spouse to be eligible for the 2011 extension of time to purchase a principal residence and claim the credit.

I encourage you to e-mail me at ndurst@p-s-b.com or call me if there is anything you would like more information on or to have highlighted in the weekly column. Thanks for reading and have a great week



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