

House OKs tax breaks for military homeowners

By Rick Maze - Staff writer

Posted : Thursday Oct 8, 2009 20:25:52 EDT

A bill that would provide tax breaks to service members trying to buy or sell a home passed the House of Representatives on Thursday by a unanimous vote.

The Servicemembers Home Ownership Tax Act of 2009 would give deployed service members extra time to qualify for an \$8,000 homebuyer tax credit for first-time purchasers that expires on Dec. 1, and would exempt those forced to move by military orders from having to give back the money if they sell a home after owning it for less than three years.

The bill also would exempt from federal income taxes the financial aid provided to service members under the expanded Homeowners Assistance Program, which helps those forced to sell a home at depressed prices because of government-ordered moves.

The tax-free status of HAP payments would apply to any payments made after Feb. 17, 2009.

Expansion of the homebuyer tax credit, which also applies to some Foreign Service officers and intelligence community personnel, gives anyone deployed outside the U.S. for 90 days or longer between Jan. 1 and Dec. 1 of this year one extra year to claim the credit. If married, the extension to Dec. 1, 2010, also would apply to their spouse.

Waiver of the requirement to “recapture” the \$8,000 tax credit if a home is sold within three years would apply to service members, Foreign Service officers and intelligence community employees who are ordered to a new duty station by government orders.

The bill, HR 3590, now goes to the Senate, where it will be referred to the Senate Finance Committee that is responsible for tax-related legislation.

That committee is tied up at the moment with national health care reform legislation and is not expected to address the House-passed tax measure until later this year.