

State of California
Franchise Tax Board

Tax Credit for New Home Purchase

In addition to the updated items identified on this page, we have updated Form 3528-A and the instructions for line 6 and Part III. If you have already faxed a completed application, you DO NOT need to resubmit a new application.

We will update this information frequently. Please check this page often.

This tax credit is available for qualified buyers who on or after March 1, 2009, and before March 1, 2010, purchase a qualified principal residence that has **never been occupied**. The buyer must reside in the new home for a minimum of two years immediately following the purchase date.

We will accept applications for allocation of credit **by fax only (916.845.9754)**, starting March 1, 2009; however, we will not send notifications of credit allocation until we have developed procedures. Once we begin processing allocation applications, credits will be allocated on a first-come, first-served basis. We will update this page as soon as we begin mailing credit allocation letters. We plan to begin mailing credit allocation letters no later than May 1, 2009. This delay is necessary to allow us time to develop a system to capture and verify the application information, allocate the credits, and send the credit allocation letters. Please be patient with us and do not send applications more than one time.

Tax credit amounts

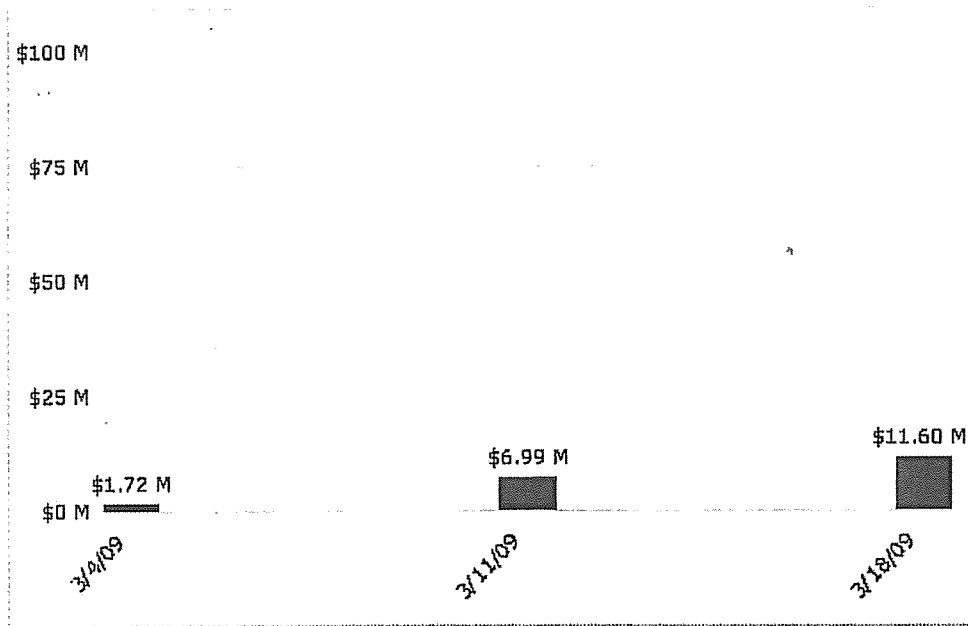
California allocated \$100,000,000 for this tax credit. Buyers must apply for credit allocation from us. Applications will be reviewed and credit allocations will be made on a first-come, first-served basis. Once \$100,000,000 has been allocated, the tax credit will no longer be available. Please check this page for updates on the allocated and remaining credits available.

Total credit allocated:	\$0
Remaining credit available:	\$100,000,000

Note: The remaining credit amount displayed above only reflects allocations processed. This amount will be updated once we begin mailing credit allocation letters, which is expected to commence by May 1, 2009. This amount does not include applications that have been received, but not yet processed.

Applications for New Home Credit received, but not yet processed as of 3/18/09

As of	Applications received:	Credit claimed:
3/4/09	173	\$1,715,826
3/11/09	711	\$6,987,515
3/18/09	1,188	\$11,599,825



This reflects the total amount of credit reported on applications received as of the date indicated. This amount has not yet been verified and may include duplicate, incomplete, and invalid applications. This amount is provided for informational purposes and does not reflect the actual amount to be allocated. We will update the amount received, but not yet processed, on this webpage each Friday. As we approach the \$100,000,000 limitation, we will update the reported amounts on a daily basis. Keep in mind, that all applications will be processed on a first-come, first-served basis, based on the date received by fax only.

California allows qualified new home buyers a total tax credit amount equal to either five percent of the purchase price or \$10,000, whichever is less. Taxpayers must apply the total tax credit in equal amounts over three successive taxable years (maximum of \$3,333 per year) beginning with the taxable year (2009 or 2010) in which the new home is purchased.

How to apply

- ☐ Within one week (seven calendar days) after the close of escrow:
 - ☐ The seller must complete **Part I of Form 3528-A, Application for New Home Credit**, certifying that the home has never been occupied, and provide a copy to the buyer or escrow person.
 - ☐ The buyer will complete **Parts II & III of Form 3528-A**.
 - ☐ The escrow person on behalf of the seller and buyer will fax the completed Form 3528-A to FTB at **916.845.9754**, and provide a copy to the buyer.
- ☐ **Fax is the only delivery method** that will be accepted and considered for credit allocation by FTB, as the date and time stamp on the fax will determine the order in which credits are allocated.
- ☐ Fax only one completed application per residence with all qualified buyers listed. Do not include information on nonqualified buyers. An incomplete application may delay or prevent credit allocation.
- ☐ Do not fax the application to FTB before escrow closes.
- ☐ Do not fax the application to FTB more than once. We will process the applications in the order received as quickly as possible.
- ☐ Escrow companies should only send one application per fax transmission.
- ☐ The buyer keeps a copy of the completed Form 3528-A for their records.
- ☐ The Form 3528-A is now available online as a fillable form. Simply fill in all required information,

print the form, and sign. If you fill out the form by hand, please print numbers as clearly and neatly as possible using CAPITAL LETTERS and staying between the lines. The faxes can be very hard to read. (Updated 03/20/09)

Application processing

- The buyer will receive notification of credit allocation from us.
- An allocation of credit will not be issued if:
 - The home has been previously occupied.
 - The application is not received within one week after the close of escrow.
 - The application is received after the total credits available (\$100,000,000) have been allocated.

Requirements of the credit

- The home must be a "qualified principal residence" as defined under California Revenue and Taxation Code Section 17059(b)(1). The home must:
 - Be a single-family residence, whether detached or attached.
 - Never have been previously occupied.
 - Be occupied by the taxpayer for a minimum of two years.
 - Be eligible for the property tax homeowner's exemption under California Revenue and Taxation Code Section 218.
- For over three successive taxable years, the total credit allocated among owners that occupy the home must not exceed \$10,000. (Multiple qualified buyers that occupy the home will be allocated credit based on the amount paid and their percentage of ownership.)
- Any credit that reduced tax on a tax return must be repaid if the buyer does not occupy the home for at least two years immediately following the purchase date.
- FTB may request documentation to ensure buyers have complied with the requirements of the credit.

Claiming the credit

- The buyer must receive an allocation of credit from us to claim the credit. The credit allocation letter will state the amount they can claim listed by tax year.
- The buyer should refer to Publication 3528 (available by 12/2009) for instructions on claiming the credit.
- The buyer must claim the credit on an original timely filed return, including returns filed on an extension.
- Special rules apply to married/RDP (Registered Domestic Partners) taxpayers filing separately, in which case each spouse is entitled to one-half of the credit, even if their ownership percentages are not equal. For two or more taxpayers who are not married/RDP, the credit amount will have already been allocated to each taxpayer occupying the residence on their respective credit allocation letter.
- If the available credit exceeds the current year net tax, the unused credit may not be carried over to the following year.
- The credit is not refundable.

Definitions

Purchase date:

The date escrow closes.

Qualified buyer:

A taxpayer who purchases a single-family residence, whether detached or attached, that has never been occupied, that is purchased to be the principal residence of the taxpayer for a

minimum of two years, and that is eligible for the homeowner's exemption under California Revenue and Taxation Code Section 218.

Qualified Principal Residence/New Home:

A qualified principal residence means a single-family residence, whether detached or attached, that has never been occupied and is purchased to be the principal residence of the taxpayer for a minimum of two years and is eligible for the property tax homeowner's exemption.

- ⓐ Types of residence: Any of the following can qualify if it is your principal residence and is subject to property tax, whether real or personal property: a single family residence, a condominium, a unit in a cooperative project, a houseboat, a manufactured home, or a mobile home.
- ⓑ Owner-built property: A home constructed by an owner -taxpayer is not eligible for the New Home Credit because the home has not been "purchased."

Contact us

Phone:

- ☎ 888.792.4900 (press 5)
- ☎ 916.845.4900 (not toll-free)

Email: wscs.gen@ftb.ca.gov

This is not a secure email address. Please do not send confidential information.

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