

119TH CONGRESS
1ST SESSION

H. R. 4717

To amend the Internal Revenue Code of 1986 to provide for a first-time homebuyer credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mr. PANETTA (for himself, Mr. THOMPSON of California, Ms. NORTON, Mr. LANDSMAN, Mr. THANEDAR, Ms. BYNUM, Ms. SEWELL, Mr. CARTER of Louisiana, Mr. FIELDS, Mr. KRISHNAMOORTHY, Ms. CRAIG, Ms. TOKUDA, Mr. SOTO, Mr. SUOZZI, Ms. SCHOLTEN, Mrs. MCCLAIN DELANEY, Mr. TRAN, Mr. DAVIS of North Carolina, Mr. VINDMAN, Ms. BROWNLEY, Ms. JOHNSON of Texas, Mr. JACKSON of Illinois, Mr. COHEN, Mr. DAVIS of Illinois, and Mr. FIGURES) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for a first-time homebuyer credit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “First-Time Homebuyer
5 Tax Credit Act of 2025”.

1 **SEC. 2. FIRST-TIME HOMEBUYER REFUNDABLE TAX CRED-**
2 **IT.**

3 (a) IN GENERAL.—Section 36 of the Internal Rev-
4 enue Code of 1986 is amended to read as follows:

5 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

6 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
7 dividual who is a first-time homebuyer of a principal resi-
8 dence in the United States during a taxable year, there
9 shall be allowed as a credit against the tax imposed by
10 this subtitle for such taxable year an amount equal to 10
11 percent of the purchase price of the residence.

12 “(b) LIMITATIONS.—

13 “(1) DOLLAR LIMITATION.—

14 “(A) IN GENERAL.—Except as otherwise
15 provided in this paragraph, the credit allowed
16 under subsection (a) shall not exceed \$15,000.

17 “(B) MARRIED INDIVIDUALS FILING SEPA-
18 RATELY.—In the case of a married individual
19 filing a separate return, subparagraph (A) shall
20 be applied by substituting ‘\$7,500’ for
21 ‘\$15,000’.

22 “(C) OTHER INDIVIDUALS.—If 2 or more
23 individuals who are not married purchase a
24 principal residence, the amount of the credit al-
25 lowed under subsection (a) shall be allocated
26 among such individuals in such manner as the

Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$15,000.

“(2) PHASEOUT BASED ON AREA MEDIAN INCOME.—

“(A) IN GENERAL.—The amount allowable as a credit under subsection (a) (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which is so allowable as—

“(i) the excess (if any) of—

“(I) the modified adjusted gross income of the taxpayer for the taxable year, over

“(II) 150 percent of the applicable Area Medium Income, bears to

“(ii) 20 percent of the applicable Area Median Income.

“(B) MODIFIED ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount ex-

cluded from gross income under section 911,
931, or 933.

“(C) APPLICABLE AREA MEDIAN IN-
COME.—For purposes of subparagraph (A), the
term ‘applicable Area Median Income’ means
the Area Median Income set by the Secretary of
Housing and Urban Development with respect
to—

“(i) the area in which the principal
residence is located,

“(ii) the size of the household of the
taxpayer, and

“(iii) the calendar year in which the
principal residence is purchased.

“(D) REGULATIONS AND GUIDANCE.—The
Secretary, after consultation with the Secretary
of Housing and Urban Development, shall issue
such regulations and guidance as are necessary
to carry out the purposes of this subparagraph.

“(3) LIMITATION BASED ON AREA MEDIAN PUR-
CHASE PRICE.—

“(A) IN GENERAL.—The amount allowable
as a credit under subsection (a) (determined
without regard to this paragraph) shall be re-
duced (but not below zero) by the amount

1 which bears the same ratio to the amount which
2 is so allowable as—

3 “(i) the excess (if any) of—

4 “(I) the purchase price of the
5 principal residence, over

6 “(II) the amount which is equal
7 to 110 percent of the area median
8 purchase price, bears to

9 “(ii) the amount which is equal to 15
10 percent of the area median purchase price.

11 “(B) AREA MEDIAN PURCHASE PRICE.—

12 For purposes of this paragraph, the term ‘area
13 median purchase price’ means the median pur-
14 chase price for a home in both the area and the
15 calendar year in which the purchase of the prin-
16 cipal residence takes place.

17 “(C) REGULATIONS AND GUIDANCE.—The
18 Secretary, after consultation with the Secretary
19 of Housing and Urban Development, shall pro-
20 mulgate such regulations and guidance as are
21 necessary to carry out the purposes of this sub-
22 paragraph, including for determining the area
23 median purchase price with respect to different
24 localities.

1 “(4) INFLATION ADJUSTMENT.—In the case of
2 any taxable year beginning in a calendar year after
3 2025, each of the dollar amounts in paragraph (1)
4 shall be increased by an amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for the calendar
8 year in which the taxable year begins, deter-
9 mined by substituting ‘calendar year 2024’ for
10 ‘calendar year 2016’ in subparagraph (A)(ii)
11 thereof.

12 Any increase determined under the preceding sen-
13 tence shall be rounded to the nearest multiple of
14 \$100.

15 “(5) AGE LIMITATION.—No credit shall be al-
16 lowed under subsection (a) with respect to the pur-
17 chase of any residence unless the taxpayer has at-
18 tained age 18 as of the date of such purchase. In
19 the case of any taxpayer who is married (within the
20 meaning of section 7703), the taxpayer shall be
21 treated as meeting the age requirement of the pre-
22 ceding sentence if the taxpayer or the taxpayer’s
23 spouse meets such age requirement.

24 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) FIRST-TIME HOMEBUYER.—The term
2 ‘first-time homebuyer’ means any individual if such
3 individual (and if married, such individual’s
4 spouse)—

5 “(A) has no present ownership interest in
6 any residence during the 3-year period ending
7 on the date of the purchase of the principal res-
8 idence to which this section applies, and

9 “(B) has not taken the credit under this
10 section in any other taxable year.

11 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
12 cipal residence’ has the same meaning as when used
13 in section 121.

14 “(3) PURCHASE.—

15 “(A) IN GENERAL.—The term ‘purchase’
16 means any acquisition, but only if—

17 “(i) the property is not acquired from
18 a person related to the person acquiring
19 such property (or, if married, such individ-
20 ual’s spouse),

21 “(ii) the acquisition is financed
22 through a federally backed mortgage loan
23 (as defined in section 4022 of the CARES
24 Act), and

1 “(iii) the basis of the property in the
2 hands of the person acquiring such prop-
3 erty is not determined—

4 “(I) in whole or in part by ref-
5 erence to the adjusted basis of such
6 property in the hands of the person
7 from whom acquired, or

8 “(II) under section 1014(a) (re-
9 lating to property acquired from a de-
10 cedent).

11 “(B) CONSTRUCTION.—A residence which
12 is constructed by the taxpayer shall be treated
13 as purchased by the taxpayer on the date the
14 taxpayer first occupies such residence.

15 “(4) PURCHASE PRICE.—The term ‘purchase
16 price’ means the adjusted basis of the principal resi-
17 dence on the date such residence is purchased.

18 “(5) RELATED PERSONS.—A person shall be
19 treated as related to another person if the relation-
20 ship between such persons would result in the dis-
21 allowance of losses under section 267 or 707(b).

22 “(d) EXCEPTIONS.—No credit under subsection (a)
23 shall be allowed to any taxpayer for any taxable year with
24 respect to the purchase of a residence if—

1 “(1) the taxpayer disposes of such residence (or
2 such residence ceases to be the principal residence of
3 the taxpayer (and, if married, the taxpayer’s
4 spouse)) before the close of such taxable year,

5 “(2) a deduction under section 151 with respect
6 to such taxpayer is allowable to another taxpayer for
7 such taxable year, or

8 “(3) the taxpayer fails to attach to the return
9 of tax for such taxable year a properly executed copy
10 of the settlement statement used to complete such
11 purchase.

12 “(e) REPORTING.—If the Secretary requires informa-
13 tion reporting under section 6045 by a person described
14 in subsection (e)(2) thereof to verify the eligibility of tax-
15 payers for the credit allowable by this section, the excep-
16 tion provided by section 6045(e)(5) shall not apply.

17 “(f) RECAPTURE OF CREDIT.—

18 “(1) IN GENERAL.—Except as otherwise pro-
19 vided in this subsection, if, during any taxable year
20 before the close of the recapture period, a taxpayer
21 disposes of the principal residence with respect to
22 which a credit was allowed under subsection (a) (or
23 such residence ceases to be the principal residence of
24 the taxpayer), the tax imposed by this chapter for

1 such taxable year shall be increased by the recover-
2 able amount determined in paragraph (2).

3 “(2) RECOVERABLE AMOUNT.—For purposes of
4 paragraph (1), the recoverable amount is the prod-
5 uct of—

6 “(A) 25 percent of the amount of the cred-
7 it allowed under subsection (a), multiplied by

8 “(B) the number of taxable years remain-
9 ing in the recapture period as of the beginning
10 of the taxable year in which the taxpayer dis-
11 poses of the principal residence.

12 “(3) LIMITATION BASED ON GAIN.—In the case
13 of the sale of the principal residence to a person who
14 is not related to the taxpayer, the increase in tax de-
15 termined under paragraph (1) shall not exceed the
16 amount of gain (if any) on such sale. Solely for pur-
17 poses of the preceding sentence, the adjusted basis
18 of such residence shall be reduced by the amount of
19 the credit allowed under subsection (a).

20 “(4) EXCEPTIONS.—

21 “(A) DEATH OF A TAXPAYER.—Paragraph
22 (1) shall not apply to any taxable year ending
23 after the date of the taxpayer’s death.

24 “(B) INVOLUNTARY CONVERSION.—Para-
25 graph (1) shall not apply in the case of a resi-

1 dence which is compulsorily or involuntarily
2 converted (within the meaning of section
3 1033(a)) if the taxpayer acquires a new prin-
4 cipal residence during the 2-year period begin-
5 ning on the date of the disposition or cessation
6 referred to in paragraph (1). Paragraph (1)
7 shall apply to such new principal residence dur-
8 ing the recapture period in the same manner as
9 if such new principal residence were the con-
10 verted residence.

11 “(C) TRANSFERS BETWEEN SPOUSES OR
12 INCIDENT TO DIVORCE.—In the case of a trans-
13 fer of a residence to which section 1041(a) ap-
14 plies—

15 “(i) paragraph (1) shall not apply to
16 such transfer, and

17 “(ii) in the case of taxable years end-
18 ing after such transfer, paragraph (1) shall
19 apply to the transferee in the same manner
20 as if such transferee were the transferor
21 (and shall not apply to the transferor).

22 “(D) SPECIAL RULE FOR MEMBERS OF
23 THE ARMED FORCES, ETC.—

24 “(i) IN GENERAL.—In the case of the
25 disposition of a principal residence by an

1 individual (or a cessation referred to in
2 paragraph (1)) after December 31, 2022,
3 in connection with Government orders re-
4 ceived by such individual, or such individ-
5 ual's spouse, for qualified official extended
6 duty service, paragraph (1) and subsection
7 (d)(2) shall not apply to such disposition
8 (or cessation).

9 “(ii) QUALIFIED OFFICIAL EXTENDED
10 DUTY SERVICE.—For purposes of this sec-
11 tion, the term ‘qualified official extended
12 duty service’ means service on qualified of-
13 ficial extended duty as—

14 “(I) a member of the uniformed
15 services,

16 “(II) a member of the Foreign
17 Service of the United States, or

18 “(III) an employee of the intel-
19 ligence community.

20 “(iii) DEFINITIONS.—Any term used
21 in this subparagraph which is also used in
22 paragraph (9) of section 121(d) shall have
23 the same meaning as when used in such
24 paragraph.

1 “(E) DISPOSITION OF RESIDENCE IN CON-
2 NECTION WITH CHANGE OF EMPLOYMENT.—In
3 the case of the disposition of a principal resi-
4 dence by an individual (or a cessation referred
5 to in paragraph (1)) after December 31, 2022,
6 in connection with a change of employment
7 which meets the conditions described in section
8 217(c), paragraph (1) shall not apply to such
9 disposition (or cessation).

10 “(5) JOINT RETURNS.—In the case of a credit
11 allowed under subsection (a) with respect to a joint
12 return, half of such credit shall be treated as having
13 been allowed to each individual filing such return for
14 purposes of this subsection.

15 “(6) RETURN REQUIREMENT.—If the tax im-
16 posed by this chapter for the taxable year is in-
17 creased under this subsection, the taxpayer shall,
18 notwithstanding section 6012, be required to file a
19 return with respect to the taxes imposed under this
20 subtitle.

21 “(7) RECAPTURE PERIOD.—For purposes of
22 this subsection, the term ‘recapture period’ means
23 the 4 taxable years beginning with the taxable year
24 in which the purchase of the principal residence for

1 which a credit is allowed under subsection (a) was
2 made.

3 “(g) ELECTION TO TREAT PURCHASE IN PRIOR
4 YEAR.—In the case of a purchase of a principal residence
5 after December 31, 2023, a taxpayer may elect to treat
6 such purchase as made on December 31 of the calendar
7 year preceding such purchase for purposes of this section
8 (other than subsections (b)(4), (c), and (h)).

9 “(h) TRANSFER OF CREDIT.—

10 “(1) IN GENERAL.—Subject to such regulations
11 and other guidance as the Secretary determines nec-
12 essary, a taxpayer may elect that the credit which
13 would (but for this subsection) be allowed to such
14 taxpayer with respect to the purchase of a principal
15 residence shall be allowed to the mortgage lender
16 with respect to such purchase and not to such tax-
17 payer.

18 “(2) ELIGIBLE ENTITY.—For purposes of this
19 subsection, the term ‘eligible entity’ means, with re-
20 spect to the purchase of the principal residence for
21 which the credit is allowed under subsection (a), the
22 mortgage lender which provides the mortgage to the
23 taxpayer and has—

24 “(A) registered with the Secretary for pur-
25 poses of this paragraph, at such time, and in

1 such form and manner, as the Secretary may
2 prescribe,

3 “(B) prior to the election described in
4 paragraph (1) and not later than at the time of
5 such purchase, disclosed to the taxpayer making
6 such purchase—

7 “(i) the value of the credit allowed
8 under subsection (a), and

9 “(ii) the amount provided by the
10 mortgage lender to such taxpayer as a con-
11 dition of the election described in para-
12 graph (1).

13 “(C) not later than at the time of such
14 purchase, made payment to such taxpayer
15 (whether in cash or in the form of a partial
16 payment or down payment for the purchase of
17 such principal residence) in an amount equal to
18 the credit otherwise allowable to such taxpayer,
19 and

20 “(D) with respect to any incentive other-
21 wise available for taking a mortgage for which
22 a credit is allowed under this section, including
23 any incentive in the form of a rebate or dis-
24 count provided by the mortgage lender, ensured
25 that—

1 “(i) the availability or use of such in-
2 centive shall not limit the ability of a tax-
3 payer to make an election described in
4 paragraph (1), and

5 “(ii) such election shall not limit the
6 value or use of such incentive.

7 “(3) TIMING.—An election described in para-
8 graph (1) shall be made by the taxpayer not later
9 than the date on which the purchase of the principal
10 residence with respect to which the credit under sub-
11 section (a) is allowed is made.

12 “(4) REVOCATION OF REGISTRATION.—Upon
13 determination by the Secretary that a mortgage
14 lender has failed to comply with the requirements
15 described in paragraph (2), the Secretary may re-
16 voke the registration (as described in subparagraph
17 (A) of such paragraph) of such mortgage lender.

18 “(5) TAX TREATMENT OF PAYMENTS.—With
19 respect to any payment described in paragraph
20 (2)(C), such payment—

21 “(A) shall not be includible in the gross in-
22 come of the taxpayer, and

23 “(B) with respect to the mortgage lender,
24 shall not be deductible under this title.

1 “(6) ADVANCE PAYMENT TO MORTGAGE LEND-
2 ERS.—

3 “(A) IN GENERAL.—The Secretary shall
4 establish a program to make advance payments
5 to any eligible entity in an amount equal to the
6 cumulative amount of the credits allowed under
7 subsection (a) with respect to any mortgages
8 issued by such entity for which an election de-
9 scribed in paragraph (1) has been made.

10 “(B) EXCESSIVE PAYMENTS.—Rules simi-
11 lar to the rules of section 6417(d)(6) shall
12 apply for purposes of this paragraph.

13 “(C) TREATMENT OF ADVANCE PAY-
14 MENTS.—For purposes of section 1324 of title
15 31, United States Code, the payments under
16 subparagraph (A) shall be treated in the same
17 manner as a refund due from a credit provision
18 referred to in subsection (b)(2) of such section.

19 “(7) RECAPTURE.—In the case of any taxpayer
20 who has made an election described in paragraph (1)
21 with respect to the purchase of a principal residence
22 and received a payment described in paragraph
23 (2)(C) from an eligible entity, such principal resi-
24 dence shall be treated as a principal residence with

1 respect to which a credit was allowed under sub-
 2 section (a) for purposes of subsection (f).”.

3 (b) CERTAIN ERRORS WITH RESPECT TO FIRST-
 4 TIME HOMEBUYER TAX CREDIT TREATED AS MATHE-
 5 MATICAL OR CLERICAL ERRORS.—Paragraph (2) of sec-
 6 tion 6213(g) of the Internal Revenue Code of 1986, as
 7 amended by Public Law 119–21, is amended by striking
 8 “and” at the end of subparagraph (Z), by striking the pe-
 9 riod at the end of subparagraph (AA) and inserting “,
 10 and”, and by inserting after subparagraph (AA) the fol-
 11 lowing new subparagraph:

12 “(BB) an entry on a return claiming the
 13 credit under section 36 if—

14 “(i) the Secretary obtains information
 15 from the person issuing the TIN of the
 16 taxpayer that indicates that the taxpayer
 17 does not meet the age requirement of sec-
 18 tion 36(b)(4),

19 “(ii) information provided to the Sec-
 20 retary by the taxpayer on an income tax
 21 return for at least one of the 2 preceding
 22 taxable years is inconsistent with eligibility
 23 for such credit, or

1 “(iii) the taxpayer fails to attach to
2 the return the form described in section
3 36(d)(3).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply with respect to principal residences
6 purchased after the date of the enactment of this Act.

○