



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

May 15, 2009

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The Honorable Christopher J. Dodd
United States Senator
30 Lewis Street, Suite 101
Hartford, CT 06103

Attention:

Dear Senator Dodd:

This letter responds to your enquiry dated May 1, 2009, submitted on behalf of your constituent, . She asked whether she can take the first-time homebuyer tax credit for a purchase before the April 9, 2008, effective date.

Congress added section 36 to the Internal Revenue Code (the Code) in section 3011 of the Economic and Housing Recovery Act of 2008 (Public Law Number 110-289 (122 Stat. 2654, 2888)) to provide a credit to first-time homebuyers for purchases made in 2008. Congress amended section 36 in section 1006 of the American Reinvestment and Recovery Tax Act of 2009 (Public Law Number 111-5 (123 Stat. 115, 316)) to provide different rules for purchases made in 2009.

Rules for Home Purchases on or after April 9, 2008, and before January 1, 2009

A first time homebuyer who purchased a home on or after April 9, 2008, and before January 1, 2009, can take a credit on his or her federal income tax return equal to 10 percent of the purchase price of the residence, up to a maximum of \$7,500. Taxpayers who take this credit for purchases made in 2008 must repay the credit in equal installments over fifteen years (See former sections 36(b), 36(f), and 36(h) of the Code).

Rules for Home Purchases on or after January 1, 2009, and before December 1, 2009

For taxpayers who purchased their home on or after January 1, 2009, and before December 1, 2009, the law increases the maximum credit to \$8,000. Taxpayers who take the credit for purchases made in 2009 and use the residence as their principal

residence for at least three years beginning on the date of purchase are not required to repay the credit (See sections 36(b), 36(f), and 36(h) of the Code, as amended).

Because [redacted] bought her residence on March 24, 2008, before the effective date, she does not qualify for either the 2008 or 2009 credit. Unfortunately, the statute does not grant the Internal Revenue Service the authority to expand the scope of the credit administratively.

I hope this information is helpful. If you have any questions, please contact [redacted] at [redacted].

Sincerely,

Michael J. Montemurro
Branch Chief
Office of Associate Chief Counsel
(Income Tax & Accounting)