



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

OFFICE OF THE CHIEF COUNSEL

August 24, 2009

Number: **INFO 2009-0167**
Release Date: 9/25/2009

CONEX-135309-09

UIL: 36.00-00

The Honorable Todd Platts
Member, U.S. House of Representatives
2209 East Market Street
York, PA 17402

Attention:

Dear Congressman Platts:

This letter responds to your enquiry dated July 20, 2009, submitted on behalf of a constituent who requested information about the first-time homebuyer credit. Specifically, your constituent asked if he can take the first-time homebuyer credit for the purchase of a two-dwelling unit home (duplex). We understand that the constituent intends to live in one dwelling unit and rent out the other dwelling unit.

Generally, section 36 of the Internal Revenue Code provides for a refundable credit to first-time homebuyers for the purchase of a principal residence. For residences purchased in 2009, the amount of the credit is ten percent of the purchase price of the residence, up to a maximum credit of \$8,000.

For purposes of section 36, the term principal residence has the same meaning as in section 121. A principal residence may be a house, a houseboat, a house trailer, a mobile home, a cooperative apartment, or a condominium. If a taxpayer owns property and uses part of the property as his principal residence and uses a separate part to produce rental income, the taxpayer must allocate the purchase price of the property between the residential part and the rental part. For example, if a taxpayer owns a duplex and lives in one dwelling unit and rents out the other separate dwelling unit, the taxpayer must allocate the purchase price of the property between the dwelling units. See pages 3, 16, and 17 of *Publication 523, Selling Your Home* (enclosed). Accordingly, a taxpayer can take the first-time homebuyer credit only for the portion of the purchase price of the property allocable to the taxpayer's dwelling unit and not for the entire purchase price of the property.

I hope this information is helpful. If you have any questions on the first-time homebuyer credit, please contact _____ at _____ .

Sincerely,

George J. Blaine
Associate Chief Counsel
(Income Tax and Accounting)

Enclosure