



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

OFFICE OF
CHIEF COUNSEL

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The Honorable Mike Johanns
United States Senate
115 Railway Street, Suite C102
Scottsbluff, NE 69361

Attention:

Dear Senator Johanns:

I am responding to your inquiry dated November 2, 2009, on behalf of your constituent, . She asked why her son cannot take the first-time homebuyer credit for a home that he purchased from his parents.

Eligible first-time homebuyers may claim a credit against tax for the purchase of a principal residence (section 36 of the Internal Revenue Code (the Code)). The purchase of a residence from certain relatives, including parents, does not qualify for the credit (section 36(c) of the Code). Because purchased a home from his parents, he cannot take the first-time homebuyer credit.

The statute does not contain any exceptions or grant the Internal Revenue Service the authority to make exceptions to this rule. Any changes to this rule would require legislative action by Congress.

I hope this information is helpful. If you have any questions, please contact or me at .

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax and Accounting)