



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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OFFICE OF THE CHIEF COUNSEL

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The Honorable Charles Grassley
United States Senator
150 1st Avenue NE
Suite 325
Cedar Rapids, IA 52401

Dear Senator Grassley:

This letter responds to your inquiry, dated February 24, 2010, on behalf of your constituent, . He asked whether he may claim the first-time homebuyer tax credit for the purchase of a residence from his father's estate.

A first-time homebuyer qualifies for a refundable credit for the purchase of a principal residence meeting the requirements of section 36 of the Internal Revenue Code (the Code). Section 36(c)(3)(A)(i) of the Code denies the credit to a taxpayer who purchases a residence from a related person. Generally, the executor of an estate and a beneficiary of the estate are related persons (sections 36(c)(5) and 267(b)(13) of the Code). A sale or exchange between an executor and a beneficiary is a disqualified related-party sale under section 36(c) unless the sale or exchange satisfies a pecuniary bequest.

correspondence does not state whether he is a beneficiary of his father's estate. However, if he is a beneficiary of his father's estate, would not qualify for the first-time homebuyer tax credit for purchasing a home from the executor of the estate (a related party) unless the sale of the home satisfies a pecuniary bequest.

We lack the authority to make an administrative exception to the statutory related-party purchase rule. Any change to this rule would require legislative action by the Congress.

I hope this information is helpful. If you have any questions, please call

at

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or

Sincerely,

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