



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

OFFICE OF THE CHIEF COUNSEL

April 9, 2010

Number: **INFO 2010-0073**
Release Date: 6/25/2010

CONEX-109575-10

UIL 36.00-00

The Honorable Collin C. Peterson
Member, U.S. House of Representatives
2603 Wheat Drive
Red Lake Falls, MN 56750

Attention:

Dear Congressman Peterson:

This letter responds to your inquiry, dated March 3, 2010, on behalf of two of your constituents about the first-time homebuyer credit. Specifically, you asked whether a taxpayer can take the first-time homebuyer credit for the purchase of a residence from the taxpayer's parents. You also asked about guidance we provide on the first-time homebuyer credit.

Generally, a refundable credit is available for a first-time homebuyer of a principal residence (section 36 of the Internal Revenue Code (the Code)). To qualify for the credit, the taxpayer cannot acquire the residence from a related person, including the taxpayer's spouse, the taxpayer's ancestors (e.g., parents and grandparents), and the taxpayer's lineal descendants (e.g., children and grandchildren) (section 36(c) of the Code). Further, for purchases after November 6, 2009, in addition to the related persons listed above, a taxpayer is not eligible for the credit if the taxpayer acquires the residence from his or her spouse's ancestors or lineal descendants (section 36(c) of the Code, as amended).

Your constituents would not qualify for the first-time homebuyer credit for purchasing a home from their respective parents, related persons under section 36 of the Code. More information on the first-time homebuyer credit is available on our website (www.irs.gov) and the instructions for Form 5405, First-Time Homebuyer Credit and Repayment of the Credit.

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

Sincerely,

William A. Jackson
Chief, Branch 5
Office of Associate Chief Counsel
(Income Tax & Accounting)