



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

OFFICE OF THE CHIEF COUNSEL

April 12, 2010

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CONEX-111063-10

UIL 36.00-00

The Honorable Sherrod Brown
United States Senate
Washington, DC 20510

Attention:

Dear Senator Brown:

This letter responds to your inquiry, dated February 22, 2010, submitted on behalf of your constituent, . She asked whether she may take the first-time homebuyer credit for a home purchased by her and her husband from her father-in-law.

As you requested, I responded directly to and am enclosing a copy of my response. I hope this information is helpful.

If you have any further questions, please call me or at .

Sincerely,

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

Enclosure



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Dear _____ :

I am responding to your letter to Senator Sherrod Brown in which you asked whether you may take the first-time homebuyer credit for a home purchased by you and your husband from your father-in-law.

First-time homebuyers can generally take a refundable credit for the purchase of a principal residence (section 36 of the Internal Revenue Code (the Code)). However, a taxpayer may not take a credit for a purchase from a related person (see section 36(c)(3)(A)(i) of the Code). For purposes of the homebuyer credit, family members that are treated as "related persons" include the taxpayer's spouse, ancestors, and lineal descendants. In addition, for purchases after November 6, 2009, "related persons" include a spouse's ancestors or lineal descendants. For purchases before November 7, 2009, "related persons" do not include a spouse's ancestors or lineal descendants.

You did not state when you and your husband bought the home from your father-in-law. If you and your husband purchased the home after November 6, 2009, you may not take the first-time homebuyer credit because you and your husband purchased the home from your father-in-law who is a related person. However, if you purchased the home before November 7, 2009, although your husband cannot take the credit because he acquired his interest from his parents, you may take the credit if you meet the other requirements to take the credit as the purchase of your interest would not be from a related party.

I hope this information is helpful. If you have any questions, please call _____, Identification Number _____, at _____.

Sincerely,

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

cc: The Honorable Sherrod Brown
Attention: