



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

OFFICE OF
CHIEF COUNSEL

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Dear _____ :

I am responding to your letter to the President of the United States. You asked why you cannot take the first-time homebuyer credit for a home that you purchased from your parents.

Congress has provided an income tax credit to homebuyers who meet certain requirements for the purchase of a home (section 36 of the Internal Revenue Code (Code)). However, the purchase of a residence from certain relatives, including parents, does not qualify for the credit (section 36(c) of the Code). Because you purchased your home from your parents, you cannot take this 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 me or _____ at _____.

Sincerely,

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