



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

OFFICE OF THE CHIEF COUNSEL

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The Honorable Charles E. Grassley
United States Senator
120 Federal Courthouse Building
320 6th Street
Sioux City, IA 51101

Attention:

Dear Senator Grassley:

I am responding to your enquiry dated March 25, 2010, submitted on behalf of . and her husband sold their previous residence on , and purchased land to build a new residence on . asked whether she and her husband may take a \$6,500 homebuyer credit for their new home.

Generally, section 36 of the Internal Revenue Code provides a refundable tax credit to certain first-time homebuyers and long-time residents for the purchase of a principal residence. The amount of the credit is 10 percent of the purchase price of the residence, up to a maximum credit of \$8,000 for first-time homebuyers, or up to a maximum credit of \$6,500 for long-time residents.

For purchases after November 6, 2009, married taxpayers may take a \$6,500 long-time resident homebuyer credit if they owned and used the same home as their principal residence for any five-consecutive-year period during the eight-year period ending on the date of the purchase of the new home (section 36(c)(6) of the Code). For homes constructed by the taxpayer, the purchase date is the date the taxpayer first occupies the home (section 36(c)(3)(B)).

If first occupied their new home after November 6, 2009, and resided in their previous residence for any five-consecutive-year period during the eight-year period ending on the date they first occupied their new home, they may be eligible to take the \$6,500 long-time resident homebuyer credit.

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

Sincerely,

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