



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

OFFICE OF
CHIEF COUNSEL

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The Honorable Susan M. Collins
United States Senate
Washington, DC 20510

Attention:

Dear Senator Collins:

This letter responds to your enquiry dated May 19, 2010, submitted on behalf of your constituent, . He asked why he cannot take the First-Time Homebuyer Credit for a home that he purchased from his grandmother.

Congress added section 36 to the Internal Revenue Code (the Code) to provide a credit to first-time homebuyers for purchases made in 2008, 2009, and 2010. However, the purchase of a residence from certain relatives, including grandparents, does not qualify for the credit (section 36(c) of the Code). Because purchased the home from his grandmother, he cannot take the First-Time Homebuyer 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 have enclosed pages 260-261 of Publication 17, *Your Federal Income Tax*, which provides a more detailed explanation of the First-Time Homebuyer Credit. I hope this information is helpful. If you have any questions, please contact , Identification Number , at .

Sincerely,

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