



First-Time Homebuyer Credit Questions and Answers: Claiming the Credit on Your Tax Return

Legislative changes in November 2009 added documentation requirements for claiming the credit. Due to increased compliance checks by the IRS, failure to submit documentation will slow down your refund.

2009 and 2010 Tax Returns

Q: I'm eligible for the first-time homebuyer credit. How do I claim the credit on my tax return?

A. There are certain requirements for claiming the credit. In simplest terms, they are as follows:

- You must use [Form 1040](#) to claim the credit (reported on line 67 of the 2009 return).
 - You cannot use Form 1040-EZ or 1040-A.
 - If you have already filed your tax return, you can amend it using [Form 1040-X](#).
- You must attach [Form 5405](#), First-Time Homebuyer Credit and Repayment of the Credit.
- You must attach documentation showing the purchase of a home between the applicable dates.
- You must file a paper, not electronic, return.

Don't forget to attach your regular wage and tax statement, Form W-2, W-2G or 1099-R, or enclose your 1040-V payment voucher, as applicable.

The IRS recommends that, to avoid processing delays for compliance checks, those claiming the credit as a long-time homeowner buying a new main home also attach documentation showing proof of home ownership of a prior main home during the applicable time period.

Detailed information on the filing and documentation requirements, as well as on eligibility for the credit, is contained in the questions and answers below and in the other pages about the homebuyer tax credit on this Web site.

Q. Can you give me more information on how I claim the first-time homebuyer credit on my 2009 tax return?

A. You can claim the credit on your 2009 tax return by using the December 2009 revision of Form 5405, First-Time Homebuyer Credit and Repayment of the Credit. You must attach this form to a printed copy of your 2009 tax return, along with additional documents that support the claim for the credit, and mail them to the appropriate IRS office. IRS Form 5405, should be attached to any of the following returns that might claim the credit: 2008, 2009 or 2010 federal income tax return.

Q. What do I have to attach to my 2009 or 2010 return to prove that I bought a new home in order to claim the credit?

A. If you claim the credit on a 2009 (or later) return, you must attach a copy of your settlement statement. For most homebuyers, this will be a properly executed Form HUD-1, Settlement Statement (U.S. Department of Housing and Urban Development) that includes:

- Names and signatures (if available) of all parties involved,
- Property address,
- Purchase price, and
- Date of purchase.

If you purchased a mobile home and do not have a settlement statement, you should attach a copy of your executed retail sales contract showing all parties' names and signatures, the property address, the purchase price and the date of purchase.

If you are claiming the credit for a newly constructed home and you do not have an executed settlement statement, you should attach a copy of your certificate of occupancy showing the name of the taxpayer, the property address, and the date of the certificate.

Q. What do I do if my settlement sheet does not have any signatures?

A. The IRS encourages buyers seeking the homebuyer credit to sign the settlement statement when they file their tax return -- even in cases where the settlement form does not include a signature line. The IRS recognizes that elements of the settlement document, often a Form HUD-1, may vary from jurisdiction to jurisdiction and may not reflect the signatures of both the buyer and seller. While the Form 5405 instructions indicate that a properly executed settlement statement should show the signatures of all parties, the IRS has clarified that it will accept a settlement statement if it is complete and valid according to local law. In areas where signatures are not required on the settlement document, the IRS encourages the buyer to sign the settlement statement prior to attaching it to the tax return. In situations where the signature of the seller is not on the settlement document, the IRS advises the buyer to still sign the document.

Q. What additional documentation, if any, should I attach to my return to claim the credit?

A. If you are a long-time resident of the same main home and you buy a new home, the law may allow you to claim the homebuyer credit. To qualify, you must have lived in the same main home for at least a five-consecutive-year period during the eight-year period ending on the purchase date of the new home.

You can avoid refund delays by attaching documentation, such as the following, covering the five-consecutive-year period:

- Forms 1098, Mortgage Interest Statement, or substitute mortgage interest statements,
- Property tax records, or
- Homeowner's insurance records.

It is not necessary to have five years of the same documentation. Any combination of these documents that help verify that you owned and lived in your home as a principal residence for at least five consecutive years is acceptable. For example, suppose you owned and lived in your previous home from Nov. 1, 2003, to Oct. 31, 2008. You could send a copy of Form 1098 showing the mortgage interest you paid for the part of 2003 during which you owned and lived in the home, as well as 1098s for 2004, 2005 and 2006, a copy of homeowners insurance records for 2007 and a property tax statement for the part of 2008 during which you owned and lived in the home.

In addition, if you purchased the home after April 30, 2010, and you are claiming the credit, either as a first-time homebuyer or under the special rules for long-time residents, you should attach a copy of the pages from a signed binding contract to make a purchase showing all parties' names and signatures, the property address, the purchase price and the date of the contract.

Q. The instructions to Form 5405 state that I should send copies of various documents to the IRS showing that I lived in the home for a period of at least five consecutive years. I have some of these documents but not all of them for all years. How do I decide which documents to send along with my return?

A. Send the best available documentation you have. If your records are missing or incomplete for any year, please include an explanation. The IRS will evaluate the adequacy of any documents you send.

Q. Why must I file a paper return rather than e-file my return?

A. Currently, the e-file system is not able to handle the wide variety of required and recommended supporting documents that would have to be scanned and submitted.

Q. Will the fact that my return has to be mailed to the IRS delay my refund?

A. While e-filed returns that also use direct deposit can result in a refund in as little as 10 days, it normally takes about four to eight weeks to get a refund claimed on a complete and accurate paper return where all required documents are attached. For some of the earliest filers, the updates that the IRS must put into place may mean that refunds will take an additional two to three weeks. The IRS expects the first refunds based on the homebuyer credit will be issued toward the end of March.

Q. Can my return be prepared using electronic software?

A. Yes. You or your tax professional can prepare your return electronically using tax preparation software, but you must file a paper return. If you qualify for the credit, the IRS urges you to use tax-preparation software to fill out your return because the software helps to avoid needless mistakes as the return is prepared. New documentation requirements mean that everyone claiming the homebuyer credit must file a paper return rather than filing

electronically. You can still use electronic filing software, including IRS Free File, to prepare your return, but the return must be printed out and sent to the IRS, along with all required documentation.

Q. Do I have to wait to file my return?

A. No. With the release of Form 5405, First-Time Homebuyer Credit and Repayment of the Credit, and the related instructions, you can go ahead and file your 2009 tax return. Normally, it takes about four to eight weeks to get a refund claimed on a complete and accurate paper return where all required documents are attached. If you file in January or early February, the IRS expects the first refunds based on the homebuyer credit will be issued toward the end of March. For some of the earliest filers, the updates that the IRS must put into place may mean that refunds will take an additional two to three weeks.

Q. Can I e-file my return without the first-time homebuyer credit and then amend my return later to claim the first-time homebuyer credit and mail in the supporting documents?

A. While it is possible for you to e-file an original 2009 Form 1040 return without claiming the credit and then later amend your return to claim the homebuyer credit, you may have to wait longer to get a refund, based on the credit.

Before you decide to use that approach, consider that amended returns cannot be filed electronically. Routine processing of amended returns generally takes 8 to 12 weeks. Recently, however, because of higher than normal amended return volumes, it is now taking 12 to 16 weeks to process these returns. If you file a complete and accurate original paper 2009 tax return in January or early February, your refund, including the homebuyer credit, should be issued toward the end of March. This may be sooner, and possibly much sooner, than if you e-file early and then subsequently amend your 2009 return to claim the homebuyer credit.

Q. What is the IRS doing to deter fraud?

A. To ensure that the credit is given only to qualified taxpayers and to deter fraud, the IRS has put in place critical systemic checks to deter fraud related to the homebuyer credit. The additional supporting documents that you should submit with your tax return are important steps to maintain the integrity of the tax system, to allow the IRS to ensure compliance with the law and to screen out people who are not entitled to the credit. You can insure you get the credit quickly and in full by attaching complete documentation to your return.

2008 Tax Return

Q. Can I still amend my 2008 tax return for a home purchased in 2009?

A. If you purchased a home in 2009, you can use the [December 2009 revision of Form 5405](#), First-Time Homebuyer Credit and Repayment of the Credit, along with [Form 1040X](#), Amended U.S. Individual Income Tax Return, to amend your 2008 tax return. This means you have the option of claiming the credit on either a 2009 return or an amended 2008 return. Keep in mind, however, that it is currently taking longer than normal — about 12 to 16 weeks — to process 2008 amended returns. Thus, you'll likely get your refund sooner if you claim the credit on your 2009 return.

Related Information:

- First-Time Homebuyer Credit Questions and Answers: [Basic Information](#)
- First-Time Homebuyer Credit Questions and Answers: [Homes Purchased in 2008](#)
- First-Time Homebuyer Credit Questions and Answers: [Homes Purchased in 2009](#)
- First-Time Homebuyer Credit: [Scenarios](#)
- [First-Time Homebuyer Credit](#)
- The American Recovery and Reinvestment Act of 2009: [Information Center](#)

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