



July 6, 2010 ©

NEWS FLASH

Closing Deadline Extended to Sept. 30 for Eligible Homebuyer Credit Purchases

WASHINGTON — Eligible taxpayers who contracted to buy a home, qualifying for the first-time homebuyer credit, before the end of April now have until Sept. 30, 2010 to close the deal, according to the Internal Revenue Service.

The Homebuyer Assistance and Improvement Act of 2010, signed by the President today, extended the closing deadline from June 30 to Sept. 30 for any eligible homebuyer who entered into a binding purchase contract on or before April 30 to close on the purchase of the home on or before June 30, 2010. The new law addresses concerns that many homebuyers might be unable to meet the original June 30 closing deadline.

The IRS reminds taxpayers that special filing and documentation requirements apply to anyone claiming the homebuyer credit. To avoid refund delays, those who entered into a purchase contract on or before April 30, but closed after that date, should attach to their return a copy of the pages from the signed contract showing all parties' names and signatures if required by local law, the property address, the purchase price, and the date of the contract.

All eligible homebuyers must also include with their return one of the following documents:

- A copy of the settlement statement showing all parties' names and signatures if required by local law, property address, sales price, and date of purchase. Normally, this is the properly executed Form HUD-1, Settlement Statement.
- For mobile home purchasers who are unable to get a settlement statement, a copy of the executed retail sales contract showing all parties' names and signatures, property address, purchase price and date of purchase.
- For a newly constructed home where a settlement statement is not available, a copy of the certificate of occupancy showing the owner's name, property address and date of the certificate.

Besides providing a tax benefit to first-time homebuyers and purchasers who haven't owned homes in recent years, the law allows a long-time resident of the same main home to claim the credit if they purchase a new principal residence. To qualify, eligible taxpayers must show that they lived in their old homes for a five-consecutive-year period during the eight-year period ending on the purchase date of the new home. Homebuyers claiming this credit can avoid refund delays by attaching documentation covering the five-consecutive-year period:

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

There are three options for claiming the credit on a qualifying 2010 purchase:

- If a 2009 return has not yet been filed, claim it on Form 1040 for tax-year 2009. These returns cannot be filed electronically, The returns must be printed out and sent to the IRS, along with all required documentation. The IRS urges taxpayers claiming refunds to choose direct deposit.
- If a 2009 return has already been filed, claim it on an amended return using Form 1040X.
- Whether or not a 2009 return has been filed, wait until next year and claim it on a 2010 Form 1040.