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IRS Offers Tool for Homebuyer Tax Credit Repayment

WASHINGTON, D.C. (FEBRUARY 2, 2012)

BY MICHAEL COHN, ACCOUNTING TODAY

The Internal Revenue Service has introduced a new [online tool](#) for taxpayers who need to repay their First-Time Homebuyer Tax Credit.

The IRS said Thursday that reminder letters would no longer be mailed to taxpayers who have to repay the credit. They can now use the online lookup tool to check on their repayment obligations.

The IRS noted that for taxpayers who bought a home in 2008 and claimed the First-Time Homebuyer Credit, the credit works the same way as a no-interest loan. It must be repaid in 15 equal annual installments beginning with the 2010 return. Anyone who sold their home, or stopped using it as their main home, may have to repay the entire credit whether their home was purchased in 2008, 2009 or 2010.

The First-Time Homebuyer Credit Tool will provide critical account information to help taxpayers report their repayment obligations on their tax returns. To access the tool, taxpayers need to enter their Social Security number, date of birth and complete address. Those filing a joint return will only be able to access their portion of the First-Time Homebuyer Credit account information.

The tool displays the original amount of the credit, annual repayment amounts, total amount paid and the total balance left to be paid. Taxpayers will be able to print their account page to share with their tax preparers and keep for their records.

To repay the First-Time Homebuyer Credit, taxpayers should add the amount they have to repay to any other tax owed on their federal tax return. This could result in an additional tax owed or a reduced refund. To repay the credit, taxpayers report the repayment on line 59b on Form 1040, U.S. Individual Income Tax Return. If they are making an installment payment, they do not need to attach [Form 5405](#), First-Time Homebuyer Credit and Repayment of the Credit, to the tax return. However, if they are repaying the credit because the home stopped being their main home, they must attach Form 5405.

To access the [First-Time Homebuyer Credit Lookup Tool](#), 24 hours a day, seven days a week, visit the IRS.gov Web site.