

### Standard Mileage Rates

|                 | <u>2009</u>   | <u>2010</u>     |
|-----------------|---------------|-----------------|
| Business*       | 55 cents/mile | 50 cents/mile   |
| Relocation      | 24 cents/mile | 16.5 cents/mile |
| Medical         | 24 cents/mile | 16.5 cents/mile |
| Charitable rate | 14 cents/mile | 14 cents/mile   |

\*Can be used only if taxpayer owns/leases a passenger auto, van, pickup, or panel truck not for hire (e.g., as a taxi) that was not depreciated under ACRS, MACRS or Sec 179 in earlier years.

### **First-Time Homebuyer Credit**

Legislative changes in November 2009 expanded and extended the credit and also added documentation requirements for claiming the credit. Due to increased compliance checks by the IRS, failure to submit documentation will slow down the issuance of any applicable refund.

#### **Filing Requirements - 2009 Tax Return**

Because of the documentation requirements for claiming the credit, taxpayers who claim the credit on their 2009 tax return must file a paper — not electronic — return and attach [Form 5405](#), First-Time Homebuyer Credit and Repayment of the Credit (see the [instructions](#) for help with the form), and a properly executed copy of a settlement statement used to complete the purchase.

- Purchasers of conventional homes should include a copy of Form HUD-1, Settlement Statement, or other settlement statement, showing all parties' names, property address, sales price and date of purchase.
- Purchasers of mobile homes who are unable to get a settlement statement should include a copy of the executed retail sales contract showing all parties' names, property address, purchase price and date of purchase.
- Purchasers of newly constructed homes where a settlement statement is not available should include a copy of the certificate of occupancy showing the owner's name, property address and date of the certificate.

**Note Regarding Signatures:** While the Form 5405 instructions indicate that a properly executed settlement statement should show the signatures of all parties, the IRS recognizes that the elements of the settlement document, often a Form HUD-1, may vary from jurisdiction to jurisdiction and may not reflect the signatures of the buyer and seller. The settlement statement that must be attached to the return is considered to be properly executed if it is complete and valid according to local law. In locations where signatures are not required the IRS encourages the buyer to sign the settlement statement prior to attaching it to the tax return even in cases where the settlement form does not include a signature line.

**Long-Time Residents:** The November 2009 legislation extends the credit to long-time residents of the same main home if they purchase a new main home. 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. For long-time residents claiming the credit, the IRS recommends attaching, in addition to the documents described above, any of the following documentation of the five-consecutive-year period:

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

#### **2008 Tax Return**

It is still possible to claim the homebuyer credit for 2009 home purchases on 2008 tax returns. Homebuyers may use the [December 2009 revision of the Form 5405](#) along with [Form 1040X](#) to amend their 2008 tax return.

## Homebuyer Credit Expanded and Extended

The Worker, Homeownership and Business Assistance Act of 2009, signed into law on Nov. 6, 2009, extends and expands the first-time homebuyer credit allowed by previous Acts.

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

The new law also:

- Authorizes the credit for long-time homeowners buying a new principal residence.
- Raises the income limitations for homeowners claiming the credit.

[News release 2009-108](#) has the details, as do two new IRS videos in [English](#) and [Spanish](#).

Members of the military, Foreign Service and intelligence community serving outside the U.S. should also be aware of [new benefits](#) in the law that apply particularly to them.

Following is general information for first-time homebuyers who settled on a new home on or before Nov. 6, 2009.

### For 2008 Home Purchases

The Housing and Economic Recovery Act of 2008 established a tax credit for first-time homebuyers that can be worth up to \$7,500. [For homes purchased in 2008, the credit is similar to a no-interest loan](#) and must be repaid in 15 equal, annual installments beginning with the 2010 income tax year.

### For 2009 Home Purchases

The American Recovery and Reinvestment Act of 2009 expanded the first-time homebuyer credit by [increasing the credit amount to \\$8,000](#) for purchases made in 2009 before Dec. 1. However, the new Worker, Homeownership and Business Assistance Act of 2009 has extended the deadline. Now, taxpayers who have a binding contract to purchase a home before May 1, 2010, are eligible for the credit. Buyers must close on the home before July 1, 2010. *[Added Nov. 12, 2009]*

For home purchased in 2009, the credit does not have to be paid back unless the home ceases to be the taxpayer's main residence within a three-year period following the purchase.

First-time homebuyers who purchase a home in 2009 can claim the credit on either a 2008 tax return, due April 15, 2009, or a 2009 tax return, due April 15, 2010. The credit may not be claimed before the closing date. [News release 2009-27 has more information on these options.](#)

### General Information

Homebuyers who purchased a home in 2008, 2009 or 2010 may be able to take advantage of the first-time homebuyer credit. The credit:

- Applies only to homes used as a taxpayer's principal residence.
- Reduces a taxpayer's tax bill or increases his or her refund, dollar for dollar.
- Is fully refundable, meaning the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed.