

District of Columbia First-Time Homebuyer Credit

▶ Attach to Form 1040 or Form 1040NR.

Your social security number

Before You Begin:

- If you purchased your home after December 31, 2008, you may be able to take the refundable first-time homebuyer credit figured on Form 5405. If you qualify for that credit, you **cannot** take the District of Columbia first-time homebuyer credit.
- Do not complete Parts I and II if you only have a credit carryforward from 2008.

Part I General Information

A Address of home qualifying for the credit (if different from the address shown on return)

Information from settlement statement or deed	B Lot number	C Square number	D Settlement or closing date
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Part II Tentative Credit

1 Enter \$5,000 (\$2,500 if married filing separately). If the purchase price of the home was less than \$5,000, enter the purchase price (see instructions if married filing separately). If someone other than a spouse also held an interest in the home, enter only your share of the \$5,000 (or, if smaller, your share of the purchase price) (see instructions)	1	
2 Enter your modified adjusted gross income (see instructions)	2	
3 Is line 2 more than \$70,000 (\$110,000 if married filing jointly)?		
No. Skip lines 3 through 5 and enter the amount from line 1 on line 6.		
Yes. Subtract \$70,000 (\$110,000 if married filing jointly) from the amount on line 2 and enter the result	3	
4 Divide line 3 by \$20,000 and enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000	4	×
5 Multiply line 1 by line 4	5	
6 Subtract line 5 from line 1. This is your tentative credit	6	

Part III Credit Carryforward From 2008

7 Enter the amount from line 12 of your 2008 Form 8859	7	
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Part IV Tax Liability Limit

8 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	8	
9 1040 filers: Enter the total of any amounts from Form 1040, lines 47 through 50; line 12 of the line 11 worksheet in Pub. 972 (see instructions); Form 5695, line 11; Form 8396, line 11; Form 8834, line 22; Form 8839, line 18; Form 8910, line 21; Form 8936, line 14; and Schedule R (Form 1040A or 1040), line 24.		
1040NR filers: Enter the total of any amounts from Form 1040NR, lines 44 through 46; line 12 of the line 11 worksheet in Pub. 972 (see instructions); Form 5695, line 11; Form 8396, line 11; Form 8834, line 22; Form 8839, line 18; Form 8910, line 21; and Form 8936, line 14	9	
10 Subtract line 9 from line 8. If zero or less, enter -0- here and on line 11 and go to line 12	10	
11 Current year credit. If you completed Part II, enter the smaller of line 6 or line 10. If you completed Part III, enter the smaller of line 7 or line 10. Also include this amount on Form 1040, line 53, or Form 1040NR, line 49. Check box c on that line and enter "8859" in the space next to that box	11	
12 Credit carryforward to 2010. Subtract line 11 from line 6 or line 7, whichever applies	12	

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Use Form 8859 to claim the District of Columbia first-time homebuyer credit.

Who Can Claim the Credit

In general, you can claim the credit if:

- You purchased a main home during 2009 in the District of Columbia, and
- You (and your spouse if married) did not own any other main home in the District of Columbia during the 1-year period ending on the date of purchase.

If you constructed your main home, you are treated as having purchased it on the date you first occupied it.

Your main home is the one you live in most of the time. It can be a house, houseboat, house trailer, cooperative apartment, condominium, or other type of residence.

However, you **cannot** claim the credit if any of the following apply.

- You purchased your main home in the District of Columbia after December 31, 2008, and you are eligible to claim the refundable first-time homebuyer credit figured on Form 5405.
- You acquired your home from certain related persons or by gift or inheritance. Related persons include, but are not limited to, your grandparents, parents, spouse, children, and grandchildren. For details, see section 1400C(e)(2).
- Your modified adjusted gross income (see the instructions for line 2) is \$90,000 or more (\$130,000 or more if married filing jointly).
- You previously claimed this credit for a different home.

Amount of the Credit

Generally, the credit is the smaller of:

- \$5,000 (\$2,500 if married filing separately), or
- The purchase price of the home.

The credit is phased out over a range that:

- Begins when your modified adjusted gross income exceeds \$70,000 (\$110,000 if married filing jointly), and
- Ends at \$90,000 (\$130,000 if married filing jointly).

Basis Reduction

You must reduce your basis in the home purchased by the amount of the tentative credit shown on line 6.

Specific Instructions

Line 1

If you are married filing separately and the purchase price of the home is less than \$5,000, you can allocate the credit between you and your spouse using any reasonable method. The total amount allocated to each

spouse cannot be more than the smaller of **(a)** \$2,500, or **(b)** the excess of the purchase price over the amount allocated to the other spouse on the other spouse's Form 8859, line 1.

If two or more unmarried individuals buy a main home, they can allocate the credit among the individual owners using any reasonable method. The total amount allocated cannot exceed \$5,000 (or the purchase price if it was less than \$5,000).

Note. A reasonable method is any method that does not allocate all or a part of the credit to a co-owner who is not eligible to claim that part of the credit.

Line 2

If you file Form 1040, your modified adjusted gross income is the amount from Form 1040, line 38, increased by the total of any:

- Exclusion of income from Puerto Rico, and
- Amount from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.

If you file Form 1040NR, your modified adjusted gross income is the amount from Form 1040NR, line 36.

Line 9

If you are claiming the child tax credit, include on this line the amount from line 12 of the line 11 worksheet in Pub. 972.



If you are not claiming the child tax credit, you do not need Pub. 972.

Line 12

Any unused credit shown on line 12 can be carried forward until it has been used. You cannot carry the unused credit back to prior years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.