



# FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

## **Auditors Find “Questionable Claims” for Homebuyer Tax Credit**

EDWARDSVILLE, IL, November 15, 2009 - Government auditors are raising significant questions about the administration of the first-time homebuyers tax break, warning that thousands of ineligible recipients are claiming the credit.

More than 19,000 taxpayers claimed credits for homes they had not yet purchased, costing the government nearly \$140 million, according to a report from the Treasury Inspector General for Tax Administration at a Ways and Means Oversight Subcommittee hearing.

The report also cited indications that people who did not meet the eligibility requirements received credits. And almost 600 people under age 18 have claimed credits, even though they generally cannot enter binding contracts.

Recently introduced legislation would require taxpayers to be at least 18 years old to claim the credit and to submit documentation to prove they actually purchased a home. It would also give the IRS authority to look at prior year returns to determine if a taxpayer was eligible for the credit.

Despite the problems, Congress has extended the tax credit, worth up to \$8,000, from November 30, 2009, to April 30, 2010.

In addition, the new legislation now offers a credit of up to \$6,500 for an existing homeowner who has been in his or her current residence for a consecutive five-year period.

The new rule also raises the qualifying income limits to \$125,000 for single taxpayers and \$225,000 for joint taxpayers, from the current \$75,000 and \$150,000.

The maximum allowed home purchase price is \$800,000.

A home buyer must have a sale agreement in hand by April 30 and close escrow by June 30, 2010.

Military personnel, deployed overseas for a minimum of 90 days in 2008 or 2009, would have until April 30, 2011 to claim the tax credit.

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This news release has been issued by the Federation of American Consumers and Travelers (FACT). FACT is a consumer organization, formed under the not-for-profit corporation laws of the District of Columbia in 1984. It currently serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site ([www.usafact.org](http://www.usafact.org)). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#) and [scholarships](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.