

## Homebuyer Tax Credit: No e-file and Four-Month Delays

**Good news for homebuyers:** They can file for their \$8,000 first-time buyer tax credit again.

**Bad news:** They still can't e-file their taxes if they want the cash. And there are long delays.

Last week, CNNMoney revealed that buyers who purchased their properties after Nov. 6 were unable to claim the refund because the Internal Revenue Service had yet to release a new form and instructions. But on Friday, the IRS finally posted the new [form 5405](#).

The two-month delay was frustrating to Florida resident Charles Teschke. "We are not broke or anything, but nevertheless we were still counting on getting the tax refund to help pay for the appliances and stuff we needed for our new home," he said. "The IRS told me they estimate it will take four months for me to get my refund!"

First-time buyers were able to immediately file for the [tax credit](#) after Congress approved it last February as part of the stimulus program. All they had to do was file an amendment to their 2008 tax returns (the ones they filed last April) and claim the promised refund of 10% of the purchase price, up to \$8,000.

### **What I did with my \$8,000 tax credit**

They were able to e-file, and they received their refunds promptly. One reader filed a claim the first week of August, and had the check by the third week in September.

But on Nov. 6 the rules changed. That's when Congress [extended -- and expanded](#) -- the tax credit, which was originally scheduled to expire on Nov. 30.

Now, the deadline is April 30, by when all contracts must be signed. (Closings must happen by June 30.) Plus, existing homeowners looking to trade up (or down) can qualify for a \$6,500 refund.

And these new buyers can no longer file electronically. They have to mail in paper forms, including the new 5405, whether they are amending their 2008 taxes or claiming it on the 2009 taxes that are being filed this spring.

That is going to dramatically slow refunds, but taxpayers can't blame the IRS. Instead, it's people scamming the system who are at fault.

For example, in October tax preparer James Otto Price III was the first person convicted of this crime. He falsely claimed the credit for 15 clients.

So buyers must now file documentation with their taxes -- including proof of residency, a signed mortgage statement and drivers license -- which the e-file system is not equipped to handle.

"Because of the scams, the IRS started sending back the amended returns and asking for proof," said Mary Mellem of David & Mary Mellem, EAs & Ashwaubenon Tax Professionals. "The system has no way of sending along the documents they're requiring. Taxpayers must file a paper return instead."

The IRS points out that taxpayers can still use the electronic forms available on its Web site or consumer sites such as TurboTax; they just have to print them out, attach the proof and mail everything in. And that can take quite a while.

"Taxpayers are looking at another three months before they get their returns," said Mellem. ■

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**Tonya Thomsen**  
Phone: (262)901-0866  
Fax: (262)783-4885  
[tthomsen@realtyexecutives.com](mailto:tthomsen@realtyexecutives.com)  
[BuyAndSellWithTonya.com](http://BuyAndSellWithTonya.com)

Realty Executives Integrity  
13005 W. Bluemound Rd.  
Brookfield, WI 53005

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