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New Tool Available on IRS Website to Help Taxpayers Who Have to Repay Their First-Time Homebuyer Credit

The IRS has a tool to help people who have to repay their First-Time Homebuyer Credit. Reminder letters will no longer be mailed to taxpayers who have to repay the credit but you can now use an online lookup tool on the IRS website to check your repayment obligation. The following four tips will help you look up information on your First-Time Homebuyer Credit:

1. Who needs to repay the credit? If you bought a home in 2008 and claimed the First-Time Homebuyer Credit, the credit is similar to a no-interest loan and must be repaid in 15 equal annual installments that began with your 2010 return. Also, 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.

2. Information needed to access the tool The First-Time Homebuyer Credit Tool will provide critical account information to help you report your repayment obligation on your tax return. To access the tool you will need: your Social Security number, date of birth and complete address. If you file a joint return, you'll only be able to access your portion of the First-Time Homebuyer Credit account information.

3. What the tool provides The tool will show the original amount of the credit, annual repayment amounts, total amount paid and the total balance left to be paid. You will be able to print your account page to share with your tax preparer and keep for your records.

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

You can access the First-Time Homebuyer Credit Lookup Tool, 24 hours a day, seven days a week, visit the IRS.gov website.