

ST20-02 First Time Homebuyer Credit Year 2008 – Repayment

First Time Homebuyer Credit for 2008 Purchases

- Maximum credit \$7,500
- Repayment over 15 years - starting in the tax year 2010 return
- Purchases must have been completed between 4/9/2008 and 12/31/2008

First Time Homebuyer Credit for 2009 and 2010 Purchases

- Credits that were claimed on 2009 and 2010 tax returns do not have to be repaid unless certain repayment triggers are met. These are **OUT OF SCOPE**.

Repayments of Credit for 2008 purchases (Sources: Pub 17 or Form Instructions for Form 5405)

- Repayments for 2008 purchases are normally repaid in 15 equal annual installments beginning in 2010.
- The taxpayer may or may not receive a letter from the IRS for TY 2020. If the taxpayer received the First Time Homebuyer Credit in Year 2008, you can use the [First Time Homebuyer Credit Account Look up tool](#) in to determine repay amounts and account balance. There is a link to the First-Time Homebuyer Credit Account Look up Tool on the Preparer's page of Tax Prep4Free under the Internal Revenue Service Useful Links.
- If the taxpayer bought the home in 2008 and owned and used it as their main home for all of 2020, the return is in scope.
- If the taxpayer dies, repayment of the credit is not required.
- If the taxpayer filed a joint return in 2008 and one of them died, the surviving spouse must pay back his or hers half of the credit. The remaining half (the half belonging to the deceased spouse) does not have to be repaid.
- If the taxpayer made a payment in TY2019 that was greater than the minimum, the minimum payment for TY2020 is still 1/15th of the original credit amount or the total remaining due. The loan will be paid off sooner than 15 years.
- **Any other situations requiring use of form 5405 and are OUT OF SCOPE.**

TaxSlayer Entry

Federal Section – Other Taxes – First-time Homebuyer Repayment Form 5405

If the return filing status is MFJ a separate 5405 must be completed for TP and SP with ½ the amounts entered on each 5405. In a MFJ return, the TSO form asks for ½ the information on each form.

TSO automatically puts the total amount of repayment on the 1040, Schedule 2, line 7b

For a standard repayment, the 5405 is not included in the return. The amount is just entered on 1040, Schedule 2, line 7b. TSO handles this properly.

ST20-02 First Time Homebuyer Credit Year 2008 – Repayment

Form 5405 - First-Time Homebuyer Credit and Repayment



Married Filing Joint customers are required to file two separate 5405 forms with individual repayment amounts.

Form belongs to *

TEST RETURN

MRS RETURN

Did the home stop being your primary residence during the current year? *

Yes

No

If the answer is "Yes" the return is OUT OF SCOPE

Repayment of Credit

Check here if you purchased your home in 2008.

If not purchased in 2008, the return is OUT OF SCOPE.



For Jointly filed tax returns, you must enter yours and your spouse's portion of the credit separately.
For example, if you received the \$7500 credit on a joint tax return. Each Spouse would be responsible for 1/2 of the credit and repayment amount. Enter \$3750 in the credit received ($1/2 * 7500$).

Please enter **1/2 of the full** credit amount you claimed on Form 5405 for 2008. (This amount would have been 10% of the purchase price up to either \$7,500 or \$8,000) *

\$ 7500

Enter **1/2 of the full** amount repaid with your prior year tax returns

\$ 500

Enter **1/2 of the full** home repayment amount for this year *

Must be at least \$500 (1/15 of original credit amount, or, the total remaining amount due)

\$ 500

Enter applicable information.

[*Click here to visit the IRS First Time Homebuyer credit account look-up tool.](#)

Link to determine the repayment amounts and account balance