

## **Congressmen push for homebuyer credit extension; bill introduced to combat homebuyer credit abuse**

On October 21, Joe Courtney (D-CT) and Ken Calvert (R-CA) with 163 co-signers sent a letter to Speaker of the House Nancy Pelosi (D-CA) and Republican Leader John Boehner (R-IL) urging that the First Time Homebuyer Tax Credit (FTHTC), which is due to expire on November 30, be extended. Courtney said that the housing market is a critical part of our economic recovery because of its reach into many sectors that drive economic growth, and as a result "Congress cannot afford to let the widely successful tax credit expire." He also said that he would prefer a one-year extension of the credit, and that the credit needed to be extended through the winter months when home sales are at its lowest. Following a meeting on Wednesday with economists, Pelosi said the first-time home buyer tax credit should be extended into mid-next year to help support the fragile housing market, and that the credit should be expanded to include all home buyers.

**RIA observation:** A Treasury Inspector General for Tax Administration (TIGTA) study suggests that many taxpayers may have claimed the FTHTC even though they owned a prior home within 3 years or otherwise were nonqualified to claim the credit. This study could make it harder to push through an extension (see the Featured Article below that discuss this topic).

Separately, on October 22 House Ways & Means Oversight Subcommittee Chairman John Lewis (D-GA) introduced the Homebuyer Tax Credit Improvement Act to improve IRS's administration of the FTHTC. The bill is in direct response to testimony presented before his subcommittee on October 22 to discuss administration of the credit and examine potential abuses uncovered by IRS and TIGTA.

The Homebuyer Tax Credit Improvement Act would improve administration of the credit and prevent abuse by:

- ... Requiring a minimum age of 18 to claim the credit.

- ... Requiring that taxpayers attach a copy of documentation to prove that they purchased a home.

- ... Providing IRS with authority to look at prior year returns and determine if a taxpayer is eligible for the credit.

- ... Improving tax administration by increasing the number of electronic returns filed by return preparers .