

District of Columbia First-Time Homebuyer Credit

2004

Attachment
Sequence No. **106**

▶ Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

Note: Do not complete Parts I and II if you only have a *credit carryforward from 2003*.

Part I General Information

A Address of home qualifying for the credit (if different from the address shown on Form 1040)

Information from settlement statement or deed	B Lot number	C Square number	D Settlement or closing date
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Part II Tentative Credit

1 Enter \$5,000 (\$2,500 if married filing separately). If the purchase price of the home was less than \$5,000, enter the purchase price (one-half of the purchase price if married filing separately). If someone other than a spouse also held an interest in the home, enter only your share of the \$5,000 (or, if smaller, your share of the purchase price) (see instructions)	1		
2 Enter your modified adjusted gross income (see instructions)	2		
3 Is line 2 more than \$70,000 (\$110,000 if married filing jointly)? No. Skip lines 3 through 5 and enter the amount from line 1 on line 6. Yes. Subtract \$70,000 (\$110,000 if married filing jointly) from the amount on line 2	3		
4 Divide line 3 by \$20,000 and enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	4	×	.
5 Multiply line 1 by line 4	5		
6 Subtract line 5 from line 1. This is your tentative credit	6		

Part III Credit Carryforward From 2003

7 Enter the amount from line 12 of your 2003 Form 8859	7		
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Part IV Tax Liability Limit

8 Enter the amount from Form 1040, line 45	8		
9 Enter the total of the amounts from Form 1040, lines 46 through 52, plus any mortgage interest credit from Form 8396, line 11	9		
10 Subtract line 9 from line 8. If zero or less, enter -0- here and on line 11 and go to line 12	10		
11 Current year credit. If you completed Part II, enter the smaller of line 6 or line 10. If you completed Part III, enter the smaller of line 7 or line 10. Also include this amount on Form 1040, line 53, and check box b on that line	11		
12 Credit carryforward to 2005. Subtract line 11 from line 6 or line 7, whichever applies	12		

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Use Form 8859 to claim the District of Columbia first-time homebuyer credit.

Who May Claim the Credit

In general, you can claim the credit if:

- You purchased a main home during the tax year in the District of Columbia, and
- You (and your spouse if married) did not own any other main home in the District of Columbia during the 1-year period ending on the date of purchase.

If you constructed your main home, you are treated as having purchased it on the date you first occupied it.

Your main home is the one you live in most of the time. It can be a house, houseboat, house trailer, cooperative apartment, condominium, etc.

However, you **cannot** claim the credit if any of the following apply.

- You acquired your home from certain related persons or by gift or inheritance. For details, see section 1400C(e)(2).
- Your modified adjusted gross income (see the instructions for line 2) is \$90,000 or more (\$130,000 or more if married filing jointly).
- You previously claimed this credit for a different home.

Amount of the Credit

Generally, the credit is the smaller of:

- \$5,000 (\$2,500 if married filing separately), or
- The purchase price of the home.

The credit is phased out over a range that:

- Begins when your modified adjusted gross income exceeds \$70,000 (\$110,000 if married filing jointly), and
- Ends at \$90,000 (\$130,000 if married filing jointly).

Basis Reduction

You must reduce your basis in the home purchased by the amount of the tentative credit shown on line 6.

Specific Instructions

Line 1

If two or more unmarried individuals buy a main home, they can allocate the credit among the individual owners in any manner they choose. The total amount allocated cannot exceed \$5,000 (or the purchase price if it was less than \$5,000).

Line 2

Modified adjusted gross income is the amount from Form 1040, line 37, increased by the total of any:

- Exclusion of income from Puerto Rico, and
- Amount from Form 2555, lines 43 and 48; Form 2555-EZ, line 18; and Form 4563, line 15.

Line 12

Any unused credit shown on line 12 can be carried forward until it has been used. You cannot carry the unused credit back to prior years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	19 min.
Learning about the law or the form	6 min.
Preparing the form.	22 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have any comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.