



## General Instructions

Section references are to the Internal Revenue Code.

### What's New

The IRS has created a page on IRS.gov for more information about Form 8859, at [www.irs.gov/form8859](http://www.irs.gov/form8859). Information about any future developments affecting Form 8859 (such as legislation enacted after we release it) will be posted on that page.

### Purpose of Form

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

### Who Can Claim the Credit

In general, you can claim the credit if:

- You purchased a main home during 2011 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, or other type of residence.

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

- You purchased your main home in the District of Columbia after December 31, 2010, and you are eligible to claim the refundable first-time homebuyer credit figured on Form 5405.
- You acquired your home from certain related persons or by gift or inheritance. Related persons include, but are not limited to, your grandparents, parents, spouse, children, and grandchildren. 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 you are married filing separately and the purchase price of the home is less than \$5,000, you can allocate the credit between you and your spouse using any reasonable method.

The total amount allocated to each spouse cannot be more than the smaller of **(a)** \$2,500, or **(b)** the excess of the purchase price over the amount allocated to the other spouse on the other spouse's Form 8859, line 1.

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

**Note.** A reasonable method is any method that does not allocate all or a part of the credit to a co-owner who is not eligible to claim that part of the credit.

### Line 2

If you file Form 1040, your modified adjusted gross income is the amount from Form 1040, line 38, increased by the total of any:

- Exclusion of income from Puerto Rico, and
- Amount from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.

If you file Form 1040NR, your modified adjusted gross income is the amount from Form 1040NR, line 37.

### Line 8

Complete the following worksheet to determine the amount to enter on line 8 of Form 8859.

#### Tax Liability Limit Worksheet—Line 8

1. Enter the amount from Form 1040, line 46; or Form 1040NR, line 44 . . . . . **1.** \_\_\_\_\_
2. **Form 1040 filers:** Enter the total of any amounts from Form 1040, lines 47 through 50; line 12 of the Line 11 Worksheet in Pub. 972\*, Form 5695, line 14; Form 8396, line 9; Form 8834, line 23; Form 8910, line 22; Form 8936, line 15; and Schedule R (Form 1040A or 1040), line 22.
 

**Form 1040NR filers:** Enter the total of the amounts from Form 1040NR, lines 45 through 47; line 12 of the Line 11 Worksheet in Pub. 972\*; Form 5695, line 14; Form 8396, line 9; Form 8834, line 23; Form 8910, line 22; and Form 8936, line 15 . . . . . **2.** \_\_\_\_\_
3. Subtract line 2 from line 1. Enter this amount on Form 8859, line 8. If zero or less, enter -0- here and on Form 8859, lines 8 and 9 . . . . . **3.** \_\_\_\_\_

\*If you are not claiming the child tax credit, you do not need Pub. 972.

### Line 10

Any unused credit shown on line 10 can be carried forward until it has been used. You cannot carry the unused credit back to prior years.