

HOMEBUYERS ASSISTANCE AND IMPROVEMENT ACT OF 2010

The senate passed the Homebuyer's Assistance and Improvement Act of 2010 on June 30 and this legislation was signed into law on July 2, 2010 by President Obama.

EXTENDED DUE DATE FOR CLOSING EXTENDED TO SEPTEMBER 30, 2010

The new law extends the deadline for closing home purchases in order to qualify for the homebuyer credit. Under the new law, qualified taxpayers with binding sales contracts executed before May 1, 2010, now have until September 30, 2010, an additional three months, to close title on their residence and qualify for the homebuyer credit. The initial closing deadline **had** been June 30, 2010. The extension until September 30, 2010 covers both first-time homebuyers and long-time homeowners.

Note: The new law does not extend the "prior to May 1, 2010" contract date requirement.

OTHER PROVISIONS IN THE ACT

Bad check penalty The new law clarifies application of the bad check penalty to electronic payments. Code Sec. 6657 currently imposes a two-percent tax on check or money order payments made to the IRS but not "duly paid." The new law fine-tunes the language of this provision by imposing the tax on "any instrument in payment, by any commercially acceptable means." This amendment would expand the bad check penalty to cover electronic payments made to satisfy a tax liability, but which the taxpayer does not actually pay due to an insufficient balance.

Prisoner homebuyer credit fraud Other provisions of this law improve communications between the IRS and the Federal Bureau of prisons as a result of reports of fraudulent first time homebuyer tax credit claims by prisoners.