



GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES
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VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE



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BIR EXPLAINS FIRST TIME HOMEBUYER CREDIT AUDIT PROJECT

Claudette Watson-Anderson, CPA, Director of the Virgin Islands Bureau of Internal Revenue, wishes to advise taxpayers about the extended deadline for claiming the First Time Homebuyer Credit. In addition, every taxpayer who claims the first time homebuyer credit will be audited for full compliance with the tax laws.

The First Time Homebuyer Credit is a refundable \$8000 credit that is given to first time homebuyers who meet certain requirements. The home purchased or constructed must be located in the Virgin Islands and must be the taxpayer's principal residence. Based on newly enacted legislation, a taxpayer has until September 30, 2010 to close on the purchase of the home to be eligible for the credit on his 2009 or 2010 income tax return.

Because of the generous amount of the credit, there has been an increase in fraudulent claims for refunds being filed by taxpayers. The IRS has prosecuted a tax preparer who fraudulently claimed the first time homebuyer credit on several taxpayers' returns. In addition, there are 24 active IRS criminal investigations surrounding this credit.

Director Watson-Anderson cautions Virgin Islands taxpayers who have taken the credit but know that they do not meet the requirements to amend their returns to remove the credit immediately. "It is my intention to pay only those taxpayers who qualify for the credit. If there is any instance of fraud found during an audit, the taxpayer's return will be referred to the Criminal Investigation Division."

Taxpayers who have questions concerning eligibility for the first time homebuyer credit can contact the Office of Chief Counsel at (340) 714-9312.