



TAX BENEFITS EVERY BUYER SHOULD KNOW

IMPORTANT FINANCIAL CONSIDERATIONS

- Private Mortgage Insurance (PMI) is no longer tax deductible, but it can be removed under certain conditions. Consult your lender for more details.
- The new limit for tax-deductible mortgage debt on new loans is up to \$750,000. Existing loans up to \$1 million are grandfathered in.
- Points paid at closing are tax deductible.
- Property taxes and qualified mortgage interest are deductible on your federal income tax return if you itemize and you exceed the standard deduction.
- Interest on home equity loans or second mortgages remains deductible if the funds are used to substantially improve the residence.
- State and local tax deductions, including property taxes, are capped at \$10,000. This limit applies to both single and married filers and is not adjusted for inflation.
- Current Section 1031 Like-Kind Exchange rules allow for real estate exchanges but have repealed the use of Section 1031 for personal property, such as artwork, auto fleets, and heavy equipment.
- A home is often the largest asset an individual owns and is considered one of the most valuable investments available.
- A portion of each amortized mortgage payment goes toward principal, which builds equity in your investment.
- If you work from home, you may be able to write off a portion of your expenses related to square footage, utilities, and other home-related costs.
- You may qualify for Home Energy Tax Benefits if you make energy-efficient improvements to your home.
- A home is a unique investment that you can enjoy while living in it, and you leverage a lender's money to build significant equity over time.
- A homeowner can exclude up to \$500,000 of capital gains if married and filing jointly, or up to \$250,000 if single, provided the home was their principal residence for at least two of the last five years.

Lastly, there is no longer a requirement to purchase a more expensive home than the one sold. Homeowners can buy up or down without tax consequences, as long as the gain remains within the allowable exclusion limits.

*Always consult with your CPA regarding the tax benefits of home ownership.

