

Homeowner Tax Benefits

By JOE SZYNKOWSKI | Green Shoot Media

If you are new to being a homeowner, you might be surprised at the many tax benefits available to homeowners. After your first year of owning your home, hiring a professional accountant to file your taxes will help you maximize your refund.

You will typically gain a larger refund than you would using a do-it-yourself filing program, making an accountant's fee easy to afford.

Be sure to keep receipts of any products you purchase that are eligible for an energy-tax credit. You also might be able to claim deductions for property taxes, mortgage interest and home improvement loan interest.

Being a homeowner invites you to a whole new level of tax preparation that will be most effective in the hands of an expert.

MORTGAGE INTEREST

The Internal Revenue Service recognizes mortgage interest as an approved deduction. Married couples filing jointly can deduct all interest payments as long as the mortgage is less than \$1 million.

PROPERTY TAXES

Taxes play a big part in any escrowed mortgage payment. Take advantage of the available deduction for property taxes. Depending on the size of your land, where you live and what taxes you pay, fees can sometimes be extravagant.

You should receive an itemized bill that shows you exactly what your tax dollars are being used for. Be sure to bring the settlement sheet you received



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REAL ESTATE 101

Help from the IRS

Internal Revenue Service Publication 530, "Tax Information for Homeowners," provides a wealth of need-to-know information for homeowners. It includes guidance on allowable deductions, how to claim tax credits, keeping records and getting help with taxes. Download it at <http://tinyurl.com/lcweqqqs>.

at closing when filing your taxes. This will show the amount of taxes for which you were responsible, as the fees were divided between your and the seller. Your share is completely deductible.

HOME IMPROVEMENT LOAN INTEREST

You are entitled to a tax deduction if

you acquired a loan to make capital improvements to your property. A few qualified improvements that can be considered capital: adding a new roof, garage, porch, heating and cooling systems or a swimming pool.

The interest you paid on your loan is deductible. Keep in mind that making these large improvements to your

home may ultimately raise the value of your home, and thus your property taxes.

ENERGY-CREDIT TAX

Last year, purchasing certain Energy Star appliances gave you a deduction of 10 percent of cost up to \$500 or a specific amount from \$50 to \$300. Some eligible appliances include central air conditioning, biomass stoves, air source heat pumps and water heaters.

The Environmental Protection Agency deemed these Energy Star products eligible for tax credits due to their ability to save energy and money and protect the environment. These products must be used in an existing home and your principal property to qualify for the deduction.



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HOMESWISE GLOSSARY

Accelerated depreciation: A method of cost write-off in which depreciation allowances are greater in the first few years of ownership than in subsequent years. This permits an earlier recovery of capital and a faster tax write-off of an asset.

SOURCE: California Bureau of Real Estate

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