Seven Things Homeowners Can Deduct on 2019 Taxes from HSH.com

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Foster City, CA – January 16, 2020 – Taxes for homeowners have undergone serious revisions in the last few years. The latest changes did not eliminate deductions for homeowners. However, they are limited for some and irrelevant for others. HSH.com, a trusted mortgage resource since 1979, breaks down what every homeowner should know about the 2019 tax breaks for homeowners before filing a return.

What Can Homeowners Deduct on 2019 Returns?

1. **Mortgage interest** - For those closed on or before Dec. 15, 2017, joint filers can deduct mortgage interest on the first $1 million of debt. For loans closed after, joint filers can deduct it on the first $750,000 of mortgage debt. This amount is halved for single filers or married taxpayers filing separately.

2. **Home equity loan interest**- Homeowners can no longer deduct interest for home equity debt - regardless of when that debt was incurred - unless the loan proceeds were used to acquire or improve the property.

3. **Property tax** - If you itemize, you can deduct it - to a point. Your tax deduction maxes out at $10,000 for all state and local taxes, including property taxes. If your state income or sales tax deduction plus property tax exceeds $10,000, you won't be able to deduct everything you paid. If you're single or married filing jointly, that drops to $5,000.

4. **Home office** - If a home office qualifies, taxpayers can deduct the cost of maintaining it on a Schedule C, E or F. There are two ways to calculate it: (1) deduct $5 per square foot for up to 300 square feet of dedicated (only used for work) office space or (2) add up the actual expenses of maintaining the space. Normally, you calculate the total household maintenance, including utilities, cleaning, repairs, mortgage interest (if not deducted on Schedule A), and then divide by the percentage of your home's square footage allocated to your office.
5. **Rental** - If you rent out part of your home, either to a long-term tenant or through a service like Airbnb, you can deduct the expenses related to that enterprise, up to the amount of rental income. For costs related to the entire home, you can partially deduct them.
6. **Mortgage closing costs** - Yes *and* no. The fully-deductible costs are: sales taxes at closing, real estate taxes, mortgage interest paid at closing and loan origination fees calculated as a percentage of the loan amount (points). Homeowners can deduct points paid on a home improvement loan to improve the home in the year they closed on the loan, but they must prorate over time any points paid to refinance.
7. **Selling a home in 2019 -** If you lived in your home for at least two of the last five years, you can exclude up to $500,000 ($250,000 if single or married filing separately) of the gain on your home sale from income taxes.

Tax note *- mortgage insurance is no longer deductible.*

View the complete article for a more detailed analysis: [Taxes for Homeowners: What You Need to Know Before Filing Your 2019 Return]

Gina Pogol, personal finance specialist for HSH.com is available for comment. Pogol has decades of experience in the mortgage industry as a loan officer and underwriter.

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