



# Maximizing Your Home-Related Tax Deductions

Homeownership comes with significant tax benefits, but many homeowners miss out on valuable deductions. Whether you're a first-time homebuyer or a seasoned homeowner, understanding tax deductions and credits can help you maximize savings.

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## Key Tax Deductions for Homeowners

### Mortgage Interest Deduction

Homeowners can deduct interest paid on mortgages up to \$750,000 (\$375,000 if married filing separately). This applies to both primary and secondary residences, provided the loan is secured by the property. Your mortgage lender will provide **Form 1098**, outlining the total interest paid.

### Property Tax Deduction

State and local property taxes are deductible up to a combined \$10,000 cap, which includes state income and sales taxes. Be sure to separate general property taxes from any non-deductible local fees (e.g., trash collection).

### Home Equity Loan Interest

If you took out a home equity loan or **HELOC** to buy, build, or significantly improve your home, the interest may be deductible within the mortgage interest limit. However, using the funds for personal expenses (e.g., vacations, debt repayment) disqualifies the deduction.

# Tax Credits for Homeowners

## Energy-Efficient Home Improvements

A federal tax credit of up to **\$3,200** is available for energy-efficient upgrades like insulation, heat pumps, and solar panels. Some states offer additional rebates—check local programs for extra savings.

## Accessibility and Medical Home Modifications

Installing wheelchair ramps, widening doorways, or making other medically necessary modifications may be deductible as medical expenses if they exceed 7.5% of your adjusted gross income.

# Selling Your Home? Know Your Tax Benefits

## Capital Gains Exclusion

When selling your primary residence, up to **\$250,000 (\$500,000 for married couples filing jointly)** in profit can be excluded from capital gains tax if you've lived in the home for at least two of the past five years.

# Keep Track of Your Records

Good record-keeping is essential. Maintain documentation for:

- ✔ Property tax payments
- ✔ Energy-efficient upgrades (to claim credits)
- ✔ Home improvement receipts (to adjust cost basis when selling)
- ✔ Mortgage interest payments (Form 1098)

Understanding these deductions and credits can save you thousands. If you have questions about how homeownership impacts your taxes, consult a professional tax advisor.

# CONTACT US

Josh and Hadley Ott, REALTORS

Discover Realty Group



(720) 253 - 9495 direct/text



HadleyOtt@gmail.com



[www.DiscoverRealtyGroup.com](http://www.DiscoverRealtyGroup.com)

