

CLIENT REPORT:

2009 Planning: Tax Benefits of Home Ownership

Dear Client:

Buying a home is the single most valuable investment most families make, and home ownership offers tax breaks that make it the foundation for your overall tax planning. The tax law provides numerous incentives to home ownership, including the following:

- Buying, rather than renting, replaces nondeductible rent with deductible mortgage interest.
- For a limited time, qualified mortgage insurance premiums may be treated as deductible mortgage interest.
- Taxpayers can deduct an unlimited amount of property tax they pay on any number of residences.
- Homeowners can exclude up to \$250,000 of gain (\$500,000 for married couples filing jointly and certain surviving spouses) from taxable income when they sell.
- There is no penalty for an early withdrawal from an IRA for a "first-time" homebuyer.
- For a limited time, first-time homebuyers may claim a refundable tax credit for the purchase of a home.
- Self-employed individuals may deduct expenses for a portion of the home used for business.
- Energy credits are available for certain improvements to a residence.
- A temporary provision excludes the discharge of "qualified principal residence indebtedness" from gross income.

You may want to review these options more thoroughly, especially if you are considering selling your home, refinancing, renting, or if you would like to invest in a vacation home. Many home ownership tax benefits also apply to a second home. We would like to assist you with home ownership as it applies to your overall tax plan. Please call our offices at your earliest convenience to arrange an appointment.

Sincerely yours,