TOP 10 DEDUCTIONS FOR HOMEOWNERS

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Your home may be brimming with tax advantages. How will you get all of the breaks you're entitled to? You should always consult a professional tax advisor for details, but here's a list of the top 10 tax deductions:

1. Mortgage Interest. Interest on the loan for your primary residence is fully tax-deductible, if you qualify. Quicken Loans Tax Savings Calculator can help you figure the tax advantages of home ownership.

2. Points Paid on a Refinanced Loan. If you refinanced, you may be able to write off the points paid for the new loan. But, there's a twist: you'll have to deduct them proportionately over the life of the loan. So, if your new loan has a 30-year term, you'll deduct 1/30th of your points each year. A couple of things to consider: If you've refinanced before, and you have points from the previous refinance that you haven't finished deducting, you can write off the rest of those points in the year you refinance.

3. Points Paid on a Purchase Loan. The points you pay at closing when you buy a home are deductible on your income tax statement for that year. If the seller paid some (or all) of your points for you, you may be able to deduct those seller-paid points.

4. Capital Gains with No Income Taxes. Thanks to the 1997 Tax Act, once every two years, single homeowners can realize a tax-exempt profit of up to $250,000 – as long as the seller owned and occupied the home as a principal residence during any two of the last five years. Married homeowners who file jointly on their tax returns do not have to pay taxes on up to $500,000 of gain when they sell their primary residence.

5. Home Improvements. Although you can't deduct the expenses associated with home improvements, keep in mind that making improvements to your home may increase the purchase price of your home. Keeping all of your receipts from home improvements may help you prove your home's worth at resale and reduce the potential taxable gain when selling your home.

6. Real Estate and Property Taxes. State and local property taxes can be deducted as an expense against income. However the real estate taxes are only deductible in the year they are actually paid to the government.

7. Home Offices. If you have a qualified office in your home, you may be able to deduct costs associated with maintaining the portion of your home exclusively used for business. For example, 100% of your expenses related to the office such as painting and upkeep are deductible, as well as a portion of indirect expenses such as the cost of utilities and garbage pickup.

8. Limited Moving Expenses. Homeowners who have recently relocated for work may be able to write off the cost of moving themselves, their household goods, their vehicles, and other reasonable costs associated with the move. Restrictions do apply. For instance the new job must be 50 or more miles farther from the old home than the old job was.

9. Health-Related Improvements. Any home improvements for medical purposes can be deducted entirely from your taxes as long as the improvements do not add to the overall value of the home and have been made for a chronically ill or disabled person. If you qualify, you may be able to deduct a portion of expenses such as a swimming pool for treating polio victims or an air conditioner to alleviate a specific medical condition.

10. Vacation Homes. Owning a vacation home has more benefits than you may think. You can deduct some of the costs associated with owning a vacation home, such as real estate taxes, personal property taxes, mortgage interest, and points. As always, you should check with your tax advisor to determine which of these deductions apply to you.

This information is not intended as tax advice, or intended to be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Taxpayers should seek advice based on the taxpayer's particular circumstances and may require consideration of other matters.

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