



3435 WILSHIRE BOULEVARD, EQUITABLE BUILDING, SUITE 1750, LOS ANGELES, CA 90010 •TEL: (213) 383-1127 •JamesCha@CPA.com •TaxWise-CPA.com

Re: Planning 2017: 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.
- 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 up to \$10,000 so long as the proceeds are used for acquisition of a home.
- Self-employed individuals may deduct expenses for a portion of the home used for business. A simplified optional method for claiming a home office deduction is now available.

Unless retroactively extended by Congress, the following home-friendly provisions are not available in 2017:

- The exclusion from gross income for discharges of qualified principal residence indebtedness,
- The mortgage premium insurance deduction, and
- Energy credits for environmentally friendly and ecologically responsible home-related expenditures.

You may benefit from a close review of these provisions, particularly if you are considering transactions involving your home, including selling, refinancing, or renting. 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,

James M. Cha, CPA/Business Consultant
James M. Cha, CPA & Company, A Professional Corporation
3435 Wilshire Blvd., Suite 1750, Los Angeles, California 90010
Tel: (213) 383-1127 ext. 3
www.TaxWise-CPA.com