WHAT FIRST-TIME BUYERS SHOULD KNOW ABOUT TAX REFORM

Here’s what first-time buyers need to know about the Tax Cuts and Jobs Act that was signed into law December 2017.

MORTGAGE INTEREST DEDUCTION

• The new limit on deductible mortgage debt is $750,000, down from the previous $1 million. There are certain situations which may allow a home purchase to qualify for the $1 million, even if the home closes after Jan. 1, 2018. Talk to a tax professional to learn more.

• Interest paid on home equity loans is only deductible if the proceeds are used to substantially improve the residence.

• Interest remains deductible on second homes, but is subject to the $1 million/$750,000 limits.

DEDUCTION FOR STATE AND LOCAL TAXES (SALT)

• Homeowners who itemize their tax returns can claim up to $10,000 total for state and local property taxes and income or sales taxes. This $10,000 limit applies for both single and married filers and is not indexed for inflation.

DISCLAIMER: This is not intended to provide legal or tax advice. Application of provisions to particular tax situations need to be discussed with an accountant, CPA, or tax attorney.