

WHAT TO KNOW

The Tax Benefits of Owning

The tax deductions you're eligible to take for mortgage interest and property taxes greatly increase the financial benefits of home ownership. Let's work through a hypothetical situation to see how it works.

For a married couple filing jointly earning \$112,400 in gross income, here's how those homeowner-ship deductions might work:

112,400 (income)
-12,577 (home ownership deductions)
= 99,823 (taxable income)

Using IRS tax tables from 2014, their tax would be \$16,669. Without the deductions, they would pay \$19,812.50 in taxes ($\$112,400 \times 25\% = 8,287.50$, based on the 2014 IRS Computation Worksheet). This means they save \$3,143.50 on their taxes as homeowners.

Of course, this is just one example to give you an idea of how homeownership might affect your tax liability. These numbers will vary according to your mortgage, local tax rates, marital status, income, and based upon other deductions for which you may qualify. **Consult with your CPA or tax professional to understand your particular situation.**

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