



# New Tax Laws FOR 2018

New tax laws are being implemented this year that may impact homeowners' taxes.\* While these new tax laws will affect income taxes filed in 2019, it's important to be aware of what changes could potentially affect you and your wallet.

## BELOW ARE A FEW HIGHLIGHTS OF HOW THE NEW LAWS MAY AFFECT HOMEOWNERS:

- The mortgage interest deduction:
  - For mortgages taken out after December 15, 2017, only interest on up to \$750,000 in acquisition debt is deductible (\$375,000 if married filing separately)- includes primary and second homes
  - Interest on up to \$1,000,000 in acquisition debt incurred on or before December 15, 2017 is still deductible (\$500,000 if married filing separately)
  - The \$1,000,000 limit (\$500,000 if married filing separately) will still apply to anyone who refinances existing qualified residence debt that was incurred before December 15, 2017 to the extent the new loan does not exceed the old loan
  - Acquisition debt is ANY debt incurred in acquiring, constructing or substantially improving a qualified residence and is secured by the residence
- The interest deduction on home equity debt is eliminated
  - This is any debt that is secured by a qualified residence other than acquisition debt
  - Interest on HELOCs used to purchase a qualified residence is deductible to the extent that the loan is used to purchase the property (making it acquisition debt)
- No changes will be made to the current law that excludes capital gains on the sale of a home.
- The standard tax deduction will nearly double for single filers from \$6,350 to \$12,000, for joint filers from \$12,700 to \$24,000, and for heads of household from \$9,350 to \$18,000
- The new law eliminates the deduction for personal exemptions and the personal exemption phase-out
- State and local income tax, property tax, and sales tax (in the aggregate) will now be limited to a maximum deduction of \$10,000
- The current mortgage revenue bonds and mortgage credit certificates (MCCs) are preserved under the new tax laws

Source: [IRS https://www.irs.gov/newsroom/resources-for-tax-law-changes](https://www.irs.gov/newsroom/resources-for-tax-law-changes)