Changes to the Mortgage Interest Deduction

• $750,000 limit (down from $1 million)
  • Loans existing on 12/14/2017 grandfathered
    • Still deductible up to $1 million

• Deduction for interest on 2\textsuperscript{nd} homes retained
  • For loans taken out after 12/14/17, combined limit is $750,000

• Home equity loans, HELOCs, 2\textsuperscript{nd} mortgages
  • Still deductible, if proceeds used to substantially improve home
Limit on State and Local Tax (SALT) Deduction

- $10,000 limit on deduction for all state and local taxes paid
  - Same limit for singles as married couples

- Won’t be a widespread problem in many areas with lower taxes
  - Not indexed for inflation, so will pinch more every year

- Limit applies only to homeowners, not owners of rental real estate
Other Changes Affecting Homeowners

Casualty Loss Deduction Repealed (except for big disasters)

- Designed to assist victims of fire, storm, theft, or other sudden & unexpected events
- Helps most those with large losses and/or low incomes
- Tax planning tip: if you have a casualty, make sure it happens as a result of a presidentially-declared disaster

Moving Expense Deduction Repealed (except for military)

- Job-related moves were deductible if 50-mile test was met
- Not an itemized deduction but available to anyone with eligible expenses
- Now, employer-reimbursed moves might result in additional tax unless employer pays extra cash to pay the tax on reimbursement
Exclusion of Gain on Sale of Principal Residence

Original House and Senate bill:

• Changed rule that owners must own and live in home for at least 2 out of past 5 years
  - to -
• Must own and live in home for at least 5 out of 8 past years

• House bill also had income limits

Final Version:

Retained prior law rule