# ‘Tis the Season for Tax Breaks

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With April 15 rapidly approaching many are scrambling to complete their taxes. For those who have recently bought or sold a home, there are a number of tax deductions that that may be available to them.

Real estate broker’s commissions, title insurance, legal fees, advertising costs, administrative costs, and inspection fees are all considered selling costs and may be used to reduce one’s taxable capital gain by the amount of the selling costs. That could result in a big savings depending on the final sale price.

Interest that is paid on a mortgage is also tax-deductible, within limits. A married couple filing jointly can deduct all their interest payments on a maximum of $1 million in mortgage debt secured by a first or second home.

Buyers may also be able to deduct some of the interest they paid on a home equity loan or similar line of credit.

One deduction that many buyers often overlook is points. Points or origination fees on a home loan that were paid during the purchase of a home are generally tax-deductible in full for the year in which they were paid.

Refinanced mortgage points are also deductible but only over the life of the loan – not all at once. Homeowners who refinance can immediately write off the balance of the old points and begin to amortize the new.

If your lender required private mortgage insurance, the PMI premiums are tax-deductible for mortgages taken out from 2007 through 2011.

Making improvements to property prior to the sale or once one moves in might qualify for an interest deduction on your home-improvement loan. Qualifying capital improvements are those that increase your home's value, prolong its life, or adapt it to new uses, such as adding a porch or installing energy-efficient windows.

Many times during a sale, the seller will send the local tax collector's office a check for real estate taxes prior to the closing. In many circumstances, however, the buyer will pay a pro-rated portion of the taxes for the year at closing. This tax deduction also gets overlooked.

For those working from their new home: If a room is used exclusively for business purposes, they may be able to deduct home costs related to that portion, such as a percentage of your insurance and repair costs, and depreciation.

In some instances, if you have moved because of a new job, moving costs may be deducted. These can include travel or transportation costs, expenses for lodging, and fees for storing your household goods.

Every year the tax laws change and certain tax deductions become available while others phase out. If you have recently bought or sold a home, it's probably a good idea to seek out a professional tax consultant to do your taxes as missing deductions that you can legally claim can add up to quite a bit of money.