RIVERWOODS, ILL., March 9, 2011 – Owning your own home opens the door to many tax savings opportunities. CCH, a Wolters Kluwer business and the leading global provider of tax, accounting and audit information, software and services (CCHGroup.com), examines specific ways homeowners can take advantage of current income tax laws.

The rule of thumb for homeowner tax deductions is that you must file Form 1040 and any itemized deductions must be made on Schedule A (Form 1040). If you itemize
you cannot take the standard tax deduction, but there are a number of tax credits and exclusions that can be taken whether or not you itemize.

"Many homeowners aren't aware of all the tax deductions they're entitled to take," said Mark Luscombe, JD, LLM, CPA, and CCH Principal Federal Tax Analyst. "Taxpayers can take advantage of deductions for 2010 tax returns and may be able to file an amended return if they missed a homeowner deduction for a previous year."
Homeowners' 12 Steps to Potential Tax Savings

1. 2010 is the last tax filing year to benefit from a refundable "first time homebuyers' credit" of 10 percent of the purchase price of a new home – up to $8,000. The credit is available for homes purchased before October 1, 2010 and the purchasers must have entered into a binding agreement to buy the home before May 1, 2010. Furthermore, the taxpayer must not have had an "ownership interest" in a principal residence during the three years before the purchase.
2. A refundable "repeat homebuyers' credit" is available for purchasers who entered a contract to buy a home by April 30, 2010 and closed on the sale of the home before October 1, 2010. The credit is 10 percent

of the purchase price with a limit of $6,500. To claim the credit, the repeat

employment,
health or unforeseen circumstances. The periods of ownership and occupancy do not have to be identical.

4. Homeowners may also take the interest on their mortgage indebtedness of up to $1 million as an itemized deduction. The interest can be on their principal residence and one additional residence.
5. For ordinary income purposes, up to $100,000 in home-equity loan interest can also be deducted. In regards to the alternative minimum tax (AMT), interest on home equity loans is deductible only if the loan is used to acquire, build or "substantially improve" a home.
6. Points paid on a home mortgage loan for the purchase or improvement of a principal residence are deductible in the year paid to the extent that the points represent a customary practice in the area. Points paid on a refinancing loan must be deducted over the term of the loan.
7. Through 2010, mortgage insurance premiums may also be deducted as mortgage interest. However, the mortgage insurance had to be originally acquired on or after January 1, 2007.
8. Homeowners are also able to take their state and local property taxes as an itemized deduction. An option to take up to $500 ($1,000 for joint filers) as an additional standard deduction for real estate taxes expired at the end of 2009 and is not available for 2010.
9. If a residence of the taxpayer is rented for fewer than 15 days during the year, the rental income is excludable from gross income and no deductions attributable to such rental are allowable.
10. If a homeowner's mortgage debt of up to $2 million on their principal residence is forgiven, as in a write-down or foreclosure, it is not treated as "cancellation of debt income." This special relief is temporary and is available for six years, retroactively for taxpayers filing amended returns, from January 1, 2007 through the end of 2011.

11. If you own a home and installed qualifying energy-efficient fixtures and

is more likely to apply for businesses, it's also available for homeowners.

About CCH, a Wolters Kluwer business

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is the leading global provider of tax, accounting and audit information, software and services. It has served tax, accounting and business professionals since 1913. Among its market-leading solutions are the ProSystem *fx* Suite, CorpSystem, CCH IntelliConnect, Accounting Research Manager and the U.S. Master Tax Guide. CCH is based in Riverwoods, Ill. Wolters Kluwer (www.wolterskluwer.com)
is a market-leading global information services company. Wolters Kluwer is headquartered
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