

home mortgage deduction explained

Last Updated Wednesday, 30 July 2008

Explain the home mortgage deduction . .

The mortgage interest deduction entitles you to completely deduct the interest on your [Profile.market] home loan for the year in which you paid it. Mortgage interest is not a dollar-for-dollar tax cut; it reduces taxable income. You must itemize deductions in order to do this, which means your total deductions must exceed the IRS's standard deduction.

Another point to remember is that the amount of interest on your loan goes down each year you pay on your mortgage (all standard home-loan formulas pay off interest first before significantly paying into principal). That's why paying extra on your principal every year can help you pay off your loan early.

Questions about [Profile.market] Real Estate?

Ask us below or Call us Now at [Profile.comp_phone]