

# Table of Contents

<b>Real estate taxes .....</b>	<b>1</b>
Liable for tax .....	2
Paid tax.....	2
Sold property .....	3
<b>Mortgage interest .....</b>	<b>6</b>
Form 1098.....	7
Liable for mortgage.....	8
Equitable owner .....	8
Jointly liable.....	9
Qualified debt .....	10
Home acquisition debt .....	10
Grandfathered debt.....	12
Qualified loan limit worksheet.....	12
Methods for finding average mortgage balance.....	14
Interest paid divided by interest rate method .....	15
Statements provided by lender.....	15
Mixed-use mortgage .....	16
Allocating interest on excess debt .....	17
Points.....	19
<b>Divorce and home ownership .....</b>	<b>25</b>
<b>Home office.....</b>	<b>26</b>
Eligibility .....	26
Exclusive use .....	26
Regular use.....	28
Principal place of business .....	28
Place to meet clients, patients and customers .....	31
Separate structure .....	31
Employee working from home.....	32

Calculating the deduction.....	32
Actual expenses.....	32
Business use portion.....	35
Deduction limit .....	36
<b>Simplified home office deduction .....</b>	<b>40</b>
Amount of deduction.....	40
Depreciation.....	42
Election.....	43
<b>Residence converted to rental.....</b>	<b>46</b>
Depreciation.....	47
MACRS depreciation.....	48
Reporting rental income, expenses and losses.....	48
Forms to use.....	48
Limits on rental losses .....	50
<b>Sale of principal residence.....</b>	<b>53</b>
Section 121 exclusion.....	53
Eligibility .....	54
Partial exclusion .....	55
Calculating gain or loss .....	57
Reporting the gain or loss on a home sale.....	67
Deductions related to a home sale .....	68
Reporting other income related to a home sale .....	69
<b>Special Situations .....</b>	<b>72</b>
Sale of life estate and remainder interest .....	72
Like-kind exchange .....	79
Expatriates.....	80
Involuntary conversions .....	80
Less than entire interest .....	81

<b>Home energy credits .....</b>	<b>85</b>
Energy efficient home improvement credit .....	85
Which taxpayers qualify .....	86
Qualified expense and credit amounts .....	86
Residential clean energy credit .....	88
Who qualifies .....	89
Qualified expenses .....	89
<b>Appendix .....</b>	<b>93</b>
Appendix A: Sample Closing Disclosure .....	94
<b>Index.....</b>	<b>100</b>