

NAR Wins Pro-Real Estate Provisions in Budget Deal

NAR's Letter on Bipartisan Budget Act of 2018

Tax Extenders

Retroactively extends for the 2017 tax year:

Mortgage Debt Forgiveness

This provision will prevent homeowners who were forced to sell their home through a short-sale last year, or who faced a foreclosure, from being taxed on the "phantom income" they received when a lender cancelled their debt.

Deduction for Mortgage Insurance Premiums

This provision will allow approximately four million homeowners to deduct the mortgage insurance premiums they paid as part of their mortgage. NAR estimates that roughly two million homebuyers annually purchase a home that is subject to mortgage insurance. This provision helps make homeownership more affordable for first time and entry-level homeowners.

Energy efficient commercial buildings deduction

This provision extends the deduction for the cost, up to \$1.80 per square foot, of energy-efficient commercial building property. Increasing the energy efficiency of commercial buildings not only helps the environment, it saves building owners and tenants money that they can use to grow their businesses and the economy.

In addition to these three major tax extensions, there are also several more minor extenders that affect real estate, as follows:

Nonbusiness Energy Property Credit: 10 percent of amounts paid for qualified energy efficiency improvements (e.g., energy-saving roofs, windows, skylights, and doors) and 100 percent of amounts paid for qualified energy property (e.g., high-efficiency water heaters, air conditioning units, and furnaces), with respect to the taxpayer's principal residence;

Residential Energy Efficiency Property Credit: extends and phases down the temporary components of the section 25D residential energy property credit for fuel cells, distributed wind property, and geothermal heat pumps;

Credit for energy-efficient new homes: extends the \$1,000-\$2,000 credit for construction and sale of qualified new energy-efficient homes.

All tax provision extensions are only for 2017.