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How “fiscal cliff” deal affects homeowners

Here’s a quick look at how the “fiscal cliff” deal passed by Congress on New Year’s Day 2013 affects homeowners (for now):

- current tax rates for all households earning less than \$450,000, and \$400,000 for individual filers remain in effect;
- the tax rate on capital gains also remains the same, at 15 percent, for most households, but for those earning above the \$400,000-\$450,000 threshold, the rate rises to 20 percent;
- the exclusion from taxes for gains on the sale of a principal residence of up to \$500,000 (\$250,000 for individuals) remains in effect (subject to limitations);
- personal exemptions and deductions are phased out for incomes over \$250,000 for singles and \$300,000 for couples;
- mortgage cancellation relief for home owners or sellers who have a portion of their mortgage debt forgiven by their lender, typically in a short sale or foreclosure sale for sellers and in a modification for owners is extend through 2013;
- deductions for mortgage interest, mortgage insurance premiums and state and local property taxes, are extended;
- the alternative minimum tax (AMT) is permanently adjusted for inflation; and
- estates will be taxed at a top rate of 40 percent (up from 35 percent), with the first \$5 million in value exempted for individual estates and \$10 million for family estates.



By day, Doug Tingvall is a real estate attorney and voice-over talent. By night, he sings in light operas and musicals.

This article contains general information only, and should not be used or relied upon as a substitute for competent legal advice in specific situations.