



# TAX SEASON

## It's time to reach out to your clients...

If your clients bought a home last year, immediately after closing they should have received a copy of the **Closing Statement** that contains all the official charges and credits of their home purchase. They will need this statement for filing their personal taxes because some fees might be tax-deductible.

The **Closing Statement** is a breakdown of the expenses home sellers and home buyers incur in a real estate sale. Many of the expenses attached to such a sale can be referred to collectively as **Closing Costs**. If your clients have misplaced the document, you can simply request a copy from your closing agent.

Here are a few closing cost items that are considered to be tax deductible (This also applies to refinance transactions provided the home is a primary residence):

- **Property Taxes**
- **Prepaid Interest**
- **Private mortgage insurance costs**
- **Prepaid Mortgage Interest**
- **Points**

Owner's Title Insurance, title and escrow fees, real estate commissions, appraisal costs, home inspections, documentary stamps, credit report costs, costs of an abstract, transfer taxes, flood certificate, recording fees, attorney fees, any other fees or costs **ARE NOT** deductible but can be added to the cost of the property.

With tax codes changing every year, it's hard for anyone but a tax professional to keep up. Your clients will want to contact their tax advisor to make sure they take advantage of all deductions and credits available to them.

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