



The Professional Tax Solution

The Mortgage Relief Act of 2007 was signed by President Bush on December 20, 2007. You may want to amend returns for last year to take advantage of these three provisions.

Mortgage Debt Forgiveness

Taxpayers can exclude up to \$2 million of mortgage debt forgiveness on their principal residence (\$1 million for married filing separately). Normally a forgiven debt is counted as income for the taxpayer—this law excludes that rule.

This debt must be incurred with a loan secured on the primary residence:

- During acquisition
- During construction
- For making substantial improvements
- For refinancing – if the amount does not exceed the amount of the refinanced debt

Mortgage Insurance Premiums

The taxpayer can deduct mortgage insurance premiums as “home mortgage” interest on interest paid after December 31, 2006 and before January 1, 2011.

Volunteer Firefighters and Emergency Medical Responders

Volunteer Firefighters and Emergency Medical responders can exclude payment for these services up to \$30 a month.

Expenses paid in connection with these services are allowed as a charitable contribution deduction.