MORTGAGE INTEREST TAX REFORM

TAXPAYER PROFILES

MARRIED COUPLE UNDER 65
TWO CHILDREN UNDER 13

CURRENT LAW:
Mortgage Interest Deduction

Homeowners who itemize can deduct the interest paid on mortgages on first and second homes up to a total of $1 million, and the interest on up to an additional $100,000 in home equity loans.

PROPOSED LAW:
20% Mortgage Interest Credit

Homeowners would receive a 20% non-refundable credit for interest on mortgages up to $500,000. Interest on second homes and home equity loans would be eligible for credit under the $500,000 cap.

How would reforming the mortgage interest deduction to a 20% non-refundable credit affect taxpayers?

Targeting mortgage interest tax breaks more toward middle class and lower income homeowners will provide a tax benefit where it is needed most and help the economy by giving most homeowners more money to spend.

	LOWER INCOME	MIDDLE INCOME	HIGHER INCOME
INCOME	**$45,000**	**$80,000**	**$200,000**
MORTGAGE INTEREST PAID	**$4,000**	**$8,000**	**$20,000**
CURRENT LAW: **Deduction**	**$1,141** TAX REFUND	**$4,289** TAXES OWED	**$32,374** TAXES OWED
PROPOSED LAW: **20% Credit**	**$1,141** TAX REFUND	**$2,734** TAXES OWED	**$31,818** TAXES OWED
	$0 NO CHANGE	**$1,555** SAVINGS	**$556** SAVINGS

Calculations by the Center for Economic and Policy Research. Based on 2011 Form 1040 (U.S. Individual Income Tax Return).

CALCULATE YOUR SAVINGS AT
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NATIONAL LOW INCOME HOUSING COALITION

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