The Tax Cuts and Jobs Act (TCJA) was the most sweeping overhaul of the U.S. tax code in 30 years\(^1\). Whether you’re a new homeowner or have been one for decades, there are three key changes to be aware of as you file taxes in 2019.

### 1. Standard Deduction Increase

The standard deduction for both single individuals and married couples nearly doubles under the new tax law. Previously, homeowners were more likely to itemize due to the mortgage interest and property tax deductions associated with owning a home. Itemized deductions give homeowners added tax benefits. Now that the standard amount is higher, it will take a lot more itemized deductions to pass the standard deduction threshold and reap the tax benefit.

<table>
<thead>
<tr>
<th>OLD LAW</th>
<th>NEW LAW</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIVIDUALS</td>
<td>$6,500</td>
</tr>
<tr>
<td>COUPLES</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

### 2. SALT Cap

Homeowners could previously take an unlimited deduction on their state and local taxes (SALT) paid. The new tax law caps the SALT deduction at $10,000 for both single and joint-filing couples. The unlimited SALT deduction was often a reason homeowners itemized and helped them receive higher tax benefits than their renting counterparts.

### 3. Marriage Disadvantage

Under the new tax law, single homeowners will often find it easier to get tax benefits than married homeowners. This marriage penalty comes from new changes to the law, especially the standard deduction increase. Despite incurring the same home-related costs as a single homeowner, married homeowners’ deduction threshold is significantly higher.

No tax differential between renting and owning for nearly **90% OF TAXPAYERS**

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Sources:
\(^1\) Hughes, Siobhan. “Sweeping Tax Bill Heads to Trump for His Signature.” Wall Street Journal, 2017
\(^2\) The State and Local Tax Deduction, Tax Foundation
\(^3\) National Association of REALTORS®