Six important tax tips for homeowners

It can pay to be in the know

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TOBIN HALSEY, AP

Steven Aldrete, right, and Jeff Robertson of MC Doors & Windows assemble display walls in Wichita Falls, Texas.

For tax year 2013, the standard deduction is $6,100 for single Americans and $12,200 for those married and filing jointly.

That means unless you can claim more than those amounts, there's no reason to itemize.

One of the most common ways to get over the threshold, however, is to own a house and unlock the many deductions that come with home ownership.

But it's not as simple as simply mailing a mortgage bill to the IRS and reaping the rewards. There are a bunch of very specific deductions that require specific paperwork.

Here are six valuable tax breaks to look for if you're a homeowner:

MORTGAGE INTEREST

Claiming mortgage interest is the biggie, and one of the most common deductions among taxpayers.

"It's evolved over the last 10 years, but we now have a cap of $1.1 million in mortgage debt that we can deduct for tax purposes," says Monica Rebella, a certified public accountant in California. This includes first mortgages and mortgages on second homes.

Rebella also points out that the deduction even covers multiple loans, so those with a primary residence in Ohio but winter home in Florida can claim the interest on both as long as the total is under the $1.1 million cap.

Just be careful, she warns, of claiming a mortgage interest deduction on home equity loans that haven't been used to improve the property.

MORTGAGE INSURANCE

In addition to mortgage interest, private mortgage insurance is also deductible.

Don't mistake private mortgage insurance, or PMI, for homeowner's insurance that protects against a fire or other loss. PMI comes into play with lower-income homeowners who often can't afford a big down payment, and instead pay a small monthly fee as insurance against default.

If you make a private mortgage insurance payment, in most cases this is deductible.

GOING GREEN

Unless Congress extends existing tax credits for residential energy efficiency, 2013 is your last chance to claim up to $500 in green energy credits.

"Insulation, energy-efficient windows and doors, high-efficiency air conditioner and heaters — we still have credits for those," Rebella says.

Still, the cap is small at just $500, and it's not applicable if you claimed it previously since the credit was passed in 2011.

A separate and more substantial credit — 30% — is available for solar energy installations, as long as they are on your primary residence and not a rental property.

CANCELLATION OF DEBT

Cancellation of mortgage debt is a very important part of filing your tax return and shouldn't be overlooked. That's because if you fail to report the debt forgiveness, it could result in a big change to your overall tax liability and hefty penalties from the IRS.

Rebella says that while foreclosures are not as common as they were a few years ago, debt forgiveness is still very common.

In other words, some Americans who saw home prices rebound took out a home equity loan but are now having trouble making payments.

Even if it's not the same as a foreclosure or a short-sale, if that second mortgage is written down by a lender, the borrower has to report that when filing their taxes.

SELLING YOUR HOME

Of course, for homeowners who have taken advantage of a resurgent housing market by selling their homes altogether, there are also tax implications.

If you sold a home in the past year, costs including title insurance, advertising and real estate broker fees can also be claimed.

You can also claim certain repairs to reduce your capital gains on the sale, presuming they were made within 90 days of the sale and clearly for the intent of marketing the property.

CASUALTY LOSSES

Especially given the very harsh winter weather we've seen recently, it's important to note that when disaster strikes, you are able to claim a tax break for any significant losses.

"You have to have a loss more than 10% of your income," Rebella says. "So if you make $50,000, you have to pay $5,000 out-of-pocket before you get any deduction."

"The biggest thing with is documentation, documentation, documentation," Rebella says.

It only takes a minute to snap a picture of valuable property — something good to have for insurance claims and taxes, she says.

Jeff Reeves is the editor of InvestorPlace.com.