Mobile Home Tax Deductions

People who choose the cost-efficient mobile home lifestyle can save even more money with specialized tax breaks.

Owners of mobile homes who pay taxes to local government for parking in their cities or states are eligible for a tax deduction. Under IRS rules, a "home" can be a house, condominium, co-op, trailer, mobile home or even a houseboat. In order to qualify as a home, the property should have cooking, sleeping and toilet facilities. Since mobile homes meet all of these conditions, owners may take advantage of the tax deductions notified by the federal government.

Mortgage interest is the largest tax deduction available to mobile home owners. Joint tax holders can deduct the entire interest amount up to a maximum of $1 million in mortgage liability paid on a first and possibly second house.

It is not necessary to calculate the amount you deduct. To claim the deduction, all you need to do is wait for your lender to send Form 1098 at the end of the tax year. On this form you will see how much interest you have paid on the loan, and the points that are due to you. This is your deductible interest for tax purposes.

The acquisition debt is another tax-deductible area. The acquisition debt is equal to the first or second mortgage used to build, buy or improve your home.

A tax deduction is also available on your home equity debt. Basically, this is any loan in excess of what was spent to build, purchase or improve your mobile home. Any points that you paid during refinancing are also tax deductible.

Finally, you are able to deduct any property tax paid to a local or state government where your mobile home is parked. This is one tax benefit that every mobile home owner should take advantage of. If you are paying local taxes, don't forget to make use of federal benefits.

Living in a mobile home is a great alternative for anyone seeking an affordable lifestyle. Tax deductions for mobile home owners make it an even more cost-effective choice.