Congressman Ron Paul Cosponsors "The Mortgage Cancellation Relief Act"

September 6, 2007 – Washington , DC . Congressman Ron Paul took action today to shield American homeowners from an outrageously unfair IRS tax policy by cosponsoring *The Mortgage Cancellation Relief Act.*

H.R. 1876 bars the IRS from considering partial mortgage forgiveness as income subject to taxation.

Under current law, only two categories of individuals pay taxes when selling their principle residence: those who have been able to realize a capital gain of more than $250,000 ($500,000 on a joint return) and those who lose the equity in their home and are forced to pay taxes if the lender forgives some portion of the mortgage debt.

“In these difficult times with the credit crunch and housing market downturn, some homeowners are finding it more and more difficult to avoid foreclosure and stay in their homes. If the bank allows a homeowner leeway and renegotiates with them in lieu of foreclosure, the IRS should not victimize the homeowner for doing the best they can to pay their debt.” Stated Congressman Paul.

Now is not the time to increase the tax burden on struggling homeowners. Strict reins must be put on the IRS by Congress to limit as much as possible the damage it does to the taxpayer and to the American dream.