

Tax Deductions for Real Estate Investors/Rental Properties

Income

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| Gross receipts from sales and/or services | Copies of checks and statements from sales, service, commissions, and/or bonuses |
| Other Income | Income from ownership in another business (K1 forms) interest on bank accounts or loans made to someone else |

Expenses

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| Accounting | Receipts for accounting, computer programs, tax preparation, and phone apps, accountant fees |
| Advertising | Any money spent in order to find renters. Also business cards, Online advertising, flyers, and social media |
| Bad Debt | Money loaned or invested that there is no hope of recapturing |
| Bank Charges | Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services |
| Children Paid | Money paid to children for helping with such things as delivering flyers and/or product, stuffing envelopes, cleaning office and/or car, modeling. Must keep a detailed log of tasks and how paid. |
| Cleaning | Supplies a person or company paid to clean. Equipment purchased such as carpet cleaners or pressure washers. General cleaning supplies |
| Cleaning Deposit | Money returned to the renter when they move out of the property |
| Computer, Internet, and Tech | Software, Online services, Internet expense, computer maintenance |
| Contract Labor | Services paid to individuals and sub-contractors. You must issue a form 1099 MISC to any individual that is paid over \$600 in a year. |
| Dues and Subscriptions | Dues to professional organizations and magazines that have to do with your trade or business |
| Educational Expense | Classes or seminars that you take to improve your business, maintain licensing, and improve skills. Includes classes, conventions, books, seminars, trade shows, etc. |
| Gifts | Gifts to clients and associates limited to \$25 per person per year |
| Home Office | A separate room in your home to do business and accounting. A percentage of utility bills, home owners or renters insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, etc may be taken. It is determined by square footage of office space vs square footage of the entire house |

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| Improvements and Remodeling | Any major work to property must be reported separately. Includes materials, labor, supplies, appliances, etc. |
| Insurance | Hazard, renters, mortgage, vehicle, and property insurances |
| Interest | Interest paid on loans for equipment, mortgages, business buildings, business loans, lines of credit, credit cards, etc. |
| Legal and Professional Services | Attorneys, accountants, inspectors, appraisers, consultants, and/or investment advice and fees |
| Loan & Refinance Fees | Closing costs from the settlement statement |
| Management Fees | Fees paid to a company to find renters, collect rent, make repairs, etc. |
| Meals | Meals with clients, potential clients, and associates. Note: entertainment is no longer deductible |
| Mileage | There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction). |
| Office Expense | Office supplies, computer supplies, Internet, postage, phone apps, beverage services |
| Office Space Rent | Rent for a separate office outside your home, rental fees for equipment booths for shows, technical equipment, storage of equipment, and records |
| Postage | Cost to mail letters, contracts, bills, etc. |
| Purchases | Any equipment, office furniture, computers, vehicles that cost over \$500 |
| Repairs/Maintenance | Supplies, materials, and labor paid to fix or maintain property |
| Supplies | Things you use to rent and maintain the property: keys, locks, small tools, etc. |
| Taxes and Licenses | Business, professional, state and city licenses. Taxes on personal property, real estate, payroll |
| Telephone | Cell phone, extra phone lines into home for business, fax, office land line |
| Travel | Hotels, airfare, cab fare (ex. Uber or Lyft), public transit, parking, cleaning while away from home, business trip log, bus, train, etc. |
| Utilities | Electricity, gas, water, sewer, trash, HOA fees for office, shop or any other facility. See Home Office deduction for deductibility of home utilities |
| Vehicle | There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction). |
| Wages | Salaries, wages, bonuses, and commissions paid to employees. An Employee is an individual who an employer controls where, when, and how the work is done, hours worked and use of equipment. |

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| Website Expense | Internet hosting and services, website design, and maintenance |
| Yard Maintenance | Lawn services, chemicals and treatments, lawn mowers, weed eaters, plants, shrubs, trees, etc. |