

MM Tax Service, Inc.

2023 Rental Income/Expense Organizer

Name: _____

If you bought or sold a rental property in 2023, please bring in your closing statement(s).

Address of Property			
Rental Income*			
Miscellaneous Income			
Advertising			
Cleaning & Maintenance			
Commissions			
Insurance			
Legal & Professional Fees			
Management Fees			
Mortgage Interest			
Repairs**			
Supplies			
Real Estate Taxes			
Travel			
Utilities			
Misc:			
Lawncare			
Snowplowing			
Mileage***			
Improvements:			

*Do not list security deposit unless retained after the tenant moved out.

**Please list any large repairs that cost more than \$2,500 as an improvement

***Be sure you have a log of miles driven.

QUALIFIED BUSINESS INCOME

If you have questions regarding whether you are eligible or not for the qualified business income deduction for your rental, please do not hesitate to ask.

For real estate rental income to qualify for the deduction of up to 20% of Qualified Business Income (QBI) it must be considered a “trade or business”. The IRS has provided a “safe harbor” under which a rental real estate enterprise will be treated as a trade or business for this purpose.

In general, to be engaged in a trade or business, you must be involved in the activity with continuity and regularity and your primary purposes for engaging in the activity must be for income or profit. To help mitigate the uncertainty of whether a rental real estate activity rises to the level of a trade or business for purposes of the Qualified Business Income deduction, the IRS has issued safe harbor requirements.

For purposes of applying the safe harbor, you can combine all of your residential rental properties and all of your commercial rental properties to form a single or residential or commercial rental real estate enterprise. This rental real estate enterprise will be treated as a single trade or business if the following requirements are satisfied during the tax year.

- Separate books and records are maintained to reflect income and expenses for each rental real estate enterprise.
- For rental real estate enterprises that have been in existence for less than four year, 250 or more hours of rental services are performed per year. For other rental real estate enterprises, 250 or more hours of rental services are performed in at least three of the past five years.
- Contemporaneous records, including time reports, logs or similar documents are kept regarding the following: hours of all services performed; description of all services performed; dates on which such services were performed; and who performed the services.
- A statement must be attached to your return indicating that you are relying on the safe harbor. (this will be done for you)

For purposes of the safe harbor, rental services include, but are not limited to:

- Advertising to rent or lease the real estate
- Negotiating and executing leases
- Verifying information contained in prospective tenant applications
- Collection of rent
- Daily operation, maintenance, and repair of the property, including the purchase of materials and supplies
- Management of the real estate
- Supervision of employees and independent contractors

Rental services may be performed by owners, or by employees, agents, and/or independent contractors of the owners.