

## Person Submitting form

Your Name \_\_\_\_\_ Cell Phone \_\_\_\_\_

Primary Email \_\_\_\_\_

Tax Year \_\_\_\_\_ Date Worksheet Completed \_\_\_\_\_

Is this an update to a previously submitted worksheet?      Yes      No

Our apologies upfront. This form is ridiculously long. But there is a bunch of information we need for new clients or for those who just became landlords.

**Existing clients!** Welcome back... you only need to complete the pertinent rental income and expense categories, and any improvements.

There is some excellent information in our KnowledgeBase articles about how rental properties affect your taxes, depreciation, **passive loss limits**, repairs versus improvements, LLC ownership, etc. There is also a huge section about Real Estate Professional and how to qualify. You can check it out at-

Property Address \_\_\_\_\_

Property City State and Zip \_\_\_\_\_

**If this rental property is not in the same state as you, a non-resident tax return for that state will be prepared and filed even if your rental loses money.** The rule is simple- if you have an income producing asset in a taxing jurisdiction, a tax return is required. In many cases, this works to your advantage since this will help maintain your disallowed or non-deducted losses plus provide historical information for future capital gains calculations.

### Rental Income, Rent Received

Rents Rec'd (on 1099s) \_\_\_\_\_

Rents Rec'd (not on 1099s) \_\_\_\_\_

### Mortgages

**Please send your mortgage interest statements (Form 1098) and any other year-end statements. We will use that information to compute your deduction for mortgage interest, private mortgage insurance (PMI) and real estate taxes. Some lenders are excellent about printing the property address on the Form 1098. If your lender does not, and you want to be cool, please write down the rental property address on your tax documents.**

Mortgage Interest 1 \_\_\_\_\_ Lender 1 \_\_\_\_\_

Mortgage Interest 2 \_\_\_\_\_ Lender 2 \_\_\_\_\_

Mortgage Interest 3 \_\_\_\_\_ Lender 3 \_\_\_\_\_

Other Interest \_\_\_\_\_ PMI (total) \_\_\_\_\_

# Rental Property Worksheet

Name \_\_\_\_\_

Tax Year \_\_\_\_\_

Rental Address \_\_\_\_\_ Monthly Rent \$ \_\_\_\_\_ X \_\_\_\_\_ Months **PAID** = \$ \_\_\_\_\_

**Where to list expenses on this sheet:** Improvements increase the value of your property, and must be depreciated over time. Repairs keep your rental in livable condition, but do not increase its value.

**Reminder:** If you pay someone to clean, repair, or make improvements, get a receipt (or make a receipt and have them sign it.) If you're audited, you will be allowed deductions you have receipts for, so save them carefully. No deduction is allowed for the value of your own labor. **DO NOT ROUND** – use exact amounts.

<b>Taxes:</b>	\$ _____	<b>Improvements:</b>		<b>Repairs:</b>	
		Alarm System	\$ _____	Appliance Repairs	\$ _____
<b>Interest:</b>		Appliances	\$ _____	Carpet / Tile Repairs	\$ _____
Mortgage	\$ _____	Bath Fixtures	\$ _____	Cement / Step Repairs	\$ _____
Home Imp Loan	\$ _____	Carpeting	\$ _____	Dry Wall Repairs	\$ _____
Late Charges	\$ _____	Cement (new)	\$ _____	Electric Repairs	\$ _____
		Cupboards	\$ _____	Flooring Repairs	\$ _____
<b>Insurance:</b>		Doors (new)	\$ _____	Fence Repairs	\$ _____
Fire / Casualty	\$ _____	Furnace (new)	\$ _____	Furnace Repairs	\$ _____
Loan Ins (PMI)	\$ _____	Garage (new)	\$ _____	Glass / Screen Repairs	\$ _____
		Plumbing (new)	\$ _____	Lock / Alarm Repairs	\$ _____
<b>Utilities:</b>		Rewiring (new)	\$ _____	Plumbing Repairs	\$ _____
Alarm Service	\$ _____	Roof (new)	\$ _____	Porch / Siding Repairs	\$ _____
Electricity	\$ _____	Siding (new)	\$ _____	Roof / Gutter Repairs	\$ _____
Heat	\$ _____	Storm Doors (new)	\$ _____	Siding Repairs	\$ _____
Water	\$ _____	Windows (new)	\$ _____	Water Htr Replace	\$ _____
Telephone	\$ _____	Well / Septic (new)	\$ _____	Waterproofing	\$ _____
Trash Removal	\$ _____	Tile Flooring (new)	\$ _____		
				<b>Repairs Related:</b>	
<b>Other Expenses:</b>		<b>Paint / Wallpaper:</b>		Equipment Rental	\$ _____
Accounting	\$ _____	Paint + Supplies	\$ _____	Repair Supplies	\$ _____
Advertising	\$ _____	Painter Labor	\$ _____	Tools Purchase	\$ _____
Bank Srv Chgs	\$ _____	Wallpaper	\$ _____	Truck Rental	\$ _____
Commissions	\$ _____	Paperhanger Labor	\$ _____		
condo Fees	\$ _____			<b>Yard Work:</b>	
Eviction Expense	\$ _____	<b>Cleaning:</b>		Fertilizer	\$ _____
Legal Fees	\$ _____	Carpet Cleaning	\$ _____	Grass Seed	\$ _____
Key Replacement	\$ _____	Furnace Cleaning	\$ _____	Landscaping	\$ _____
Manager Fees	\$ _____	General Cleaning	\$ _____	Lawn Cutting	\$ _____
Office + Postage	\$ _____	Gutter Cleaning	\$ _____	Lawn Spraying	\$ _____
Pest Control	\$ _____	Wall Washing	\$ _____	Rakes + Tools	\$ _____
		Cleaning Products	\$ _____	Shrubs + Flowers	\$ _____
				Snow Removal	\$ _____
<b>Out of town Rentals ONLY:</b>		<b>Rent Related</b>		Tree Removal	\$ _____
Airfares	\$ _____	<b>Driving:</b>		Tree Trimming	\$ _____
Auto Rentals	\$ _____	(to supply stores and repair shops, collect			
Hotels	\$ _____	rent, or to show tenants)			
Meals	\$ _____	Business Miles	\$ _____		
Toll Phone Calls	\$ _____				

**New Rentals:** If you bought the rental property this year, we need the purchase papers. If you converted a property from personal use, to a rental, we need the original cost when it was first purchased, and a list of all improvements and their costs made while you lived in it.



\*Cell phone and internet expenses are for managing the property, calling tenants, performing background checks, coordinating with contractors, etc. These expenses are generally about 5-10% business use per rental.

Cell Phone (biz portion)\* \_\_\_\_\_

Internet (biz portion)\* \_\_\_\_\_

### **Other Information**

Any other expenses or information that might be pertinent to your rentals? If so, please explain below:

### **Improvements PLEASE SEE THE IMPROVEMENTS SHEET BELOW TO KNOW WHAT AN IMPROVEMENT IS.**

Did you make any improvements such as new roof, appliances, wall-to-wall carpet, etc.? If Yes, please detail the improvement, date and amount below-

# PLEASE PROVIDE YOUR CLOSING DISCLOSURE OR SETTLEMENT STATEMENT

## Rental Property Set Up Information

Complete this next section only if you began renting a property last year, or **if you are a new client**. We will determine the price of the land, which is typically 20% of the purchase price.

Original Purchase Date \_\_\_\_\_

Original Purchase Price \_\_\_\_\_

Date property was AVAILABLE & READY for rent \_\_\_\_\_

Date Tenant moved in. \_\_\_\_\_

Service dates can be misleading. If the property was available for rent on Jan 1 but not rented until Mar 1, the property was technically placed into service on Jan 1. Again the service date is the date the property was available for rent.

Fair Market Value when Placed Service \_\_\_\_\_

## Personal Residence Conversion

If you owned the property as your personal residence and then converted it to a rental, the basis for depreciation and capital gains is **the lower** of the fair market value or the adjusted cost basis (there are some exceptions). Adjusted cost basis includes original closing costs, improvements, credits offered at purchase and any depreciation already taken. Simply put we need the Closing Disclosure Statement when you purchased and any improvements.

If applicable, please provide this information below so we can properly calculate your basis for depreciation (sounds fancy)-

## Closing Disclosure Statement Request

If you have not provided a closing disclosure statement (formerly known as the HUD) in connection with the purchase of this rental property, please try to do so. Several reasons- it helps us create a starting point for your depreciation and capital gains calculations since some acquisition costs are added to your cost basis. There are also some other expenses that might be deductible right away in the first year. Lastly, when you sell this property and you cannot find your original purchasing information, you need not worry since we have a copy.

## Prior Depreciation

If you are a new client of Howard Tax Prep LLC, and you had this property as rental on prior tax returns, we will need the full depreciation schedule. This is not always contained within your previous tax returns. We can help you with obtaining or determining this information too.

## Sale, Management

Did you sell or dispose of this rental property last year? If Yes, please complete the **Property Sale Worksheet** which asks all kinds of questions to ensure we minimize your capital gains and depreciation recapture. It is common for clients to forget about the new roof or what they originally paid, among other material items. Please submit the Property Sale Worksheet separately-

Have you or will you move back into the rental? If Yes, please provide some more details below-

Did you use the rental for personal use last year? Please tell us the number of days you, your family or close friends have used the rental without paying market rent, and provide a brief explanation below-

Is your rental considered a vacation rental? Do you list it on VRBO or AirBNB, like a ski-condo or beach house? If so, please explain below including the days rented and days used personally-

Do you share ownership with anyone else besides your spouse? If so, please provide the ownership percentages and the names of other owners below-

Do you rent a portion or unit of a multiple unit dwelling that you also reside in? Or do you rent a room out of your personal residence, or some other unusual rental situation? If so, please explain below-

## Real Estate Professionals

If you own multiple rental properties and / or are electing yourself a **Real Estate Professional** for tax purposes, please inform us right away and read our tax article on this election (see link below). A home office deduction cannot be entertained without being a Real Estate Professional as defined by the IRS, or an active real estate agent. Real estate agents are NOT automatically considered Real Estate Professionals- the IRS definition is very strict and a real estate license or being a Realtor does not automatically satisfy the requirement. Please read our tax article which includes current and pertinent tax court cases and audit techniques-

## Disclosure

I(We) verify that the information provided in this **Rental Property Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) personal income tax return.

Taxpayer Signature \_\_\_\_\_

Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Spouse Signature \_\_\_\_\_

Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Please email us anytime at [admin@howardtaxprep.com](mailto:admin@howardtaxprep.com) with your questions and concerns. Thank you in advance, and we look forward to working with you!

Howard Tax Prep LLC

# Howard Tax Prep LLC Auto Expense Worksheet

## Person Submitting form

Your Name \_\_\_\_\_ Cell Phone \_\_\_\_\_

Primary Email \_\_\_\_\_

Tax Year \_\_\_\_\_ Date Worksheet Completed \_\_\_\_\_

Is this an update to a previously submitted worksheet?  Yes  No

**Note:** We need total miles driven (beginning and end odometer readings). In other words, we need more than just the business miles. Why? Good question. Sales taxes, and loan interest can be added to the mileage deduction but only the business usage %.

### **BUSINESS MILEAGE FOR RENTAL PROPERTIES INCLUDES THE FOLLOWING:**

- 1.) Driving to the property to collect rent, maintain the lawn, remove snow, and other maintenance.
- 2.) Driving to the bank to make deposits of rental income.
- 3.) Driving to home repair places & hardware stores to buy items for the repair and maintenance of the property.
- 4.) Driving to Walmart, Target, Etc. and office stores to buy printers, printer paper, etc.

### **IF YOUR PROPERTY IS OUT OF STATE YOU CAN INCLUDE THE ABOVE IN ADDITION TO THE FOLLOWING:**

- 1.) Airline travel to and from the state to check on the property
- 2.) Lodging cost while checking on the property.
- 3.) Meals while traveling and checking on the OUT OF STATE property. Going to subway for an in-state property is not a travel meal expense.

## Mileage Information

### Vehicle #1

### Vehicle #2

Year, Make and Model \_\_\_\_\_

Start Date for Business Use \_\_\_\_\_

End Date for Business Use (if applicable) \_\_\_\_\_

Odometer on Jan 1 or Start Date \_\_\_\_\_

Odometer on Dec 31 or End Date \_\_\_\_\_

Personal Miles \_\_\_\_\_

Commuting Miles \_\_\_\_\_

Business Miles\* \_\_\_\_\_

Tolls Paid for the year \_\_\_\_\_

Parking Paid for the year \_\_\_\_\_

Interest on Auto loan paid for the year \_\_\_\_\_

Repairs/Tires/Tows \_\_\_\_\_

Gas/Oil Changes/AAA membership \_\_\_\_\_

\* Business miles will be the difference of ending odometer less starting odometer, personal miles and commuting miles

**Note:** We need total miles driven (beginning and end odometer readings). In other words, we need more than just the business miles. Why? Good question. Auto registrations, taxes and loan interest can be added to the mileage deduction but only the business use percentage. As such we need total miles and business miles.

### Business Connection

Briefly describe how this vehicle(s) is used in conjunction with your non S-Corp small business below-

### Actual Expenses

Do you think your actual expenses will exceed the mileage rate (currently 58.5 for the 1st 6 months of the 2022, and 62.5 cents per mile for the last 6 months of 2022)? Before you say Yes, consider that you can only deduct the business portion of your actual expenses. For example, you drive 10,000 miles and 2,500 miles were for business, a total of 25%. A set of tires for \$800 will only yield a \$200 deduction (25%). Having said this please list your costs associated with gas, oil, tires, service and repairs, modifications, insurance, lease payments and titling below-

Generally speaking, the mileage rate will still exceed actual expenses, but we can deduct the higher of the two. **If you deduct actual expenses in any tax year, you cannot switch back to the mileage deduction.** Regardless, you still must submit the miles above in addition to expenses.

### Mandatory IRS Due Diligence

- |   |                                 |                           |
|---|---------------------------------|---------------------------|
| Do you have another vehicle available for personal use?       | <input type="radio"/> YES       | <input type="radio"/> NO  |
| Do you have written evidence or a mileage log?*               | <input type="radio"/> YES       | <input type="radio"/> NO  |
| Were you reimbursed for any travel expense including mileage? | <input type="radio"/> YES       | <input type="radio"/> NO  |
| Is the vehicle(s) in your name (or spouse) or business?       | <input type="radio"/> ME/SPOUSE | <input type="radio"/> BIZ |

### Mileage Log

Mileage is one of the most incorrectly deducted expenses, and therefore it is one of the most scrutinized by the IRS. Easy money for them. First, you need to prove you own the vehicle(s). Next, you need to keep track of your beginning and ending odometer readings, and have that data corroborated by service receipts. Therefore, it is a good idea to make copies of service invoices such as Jiffy Lube since these companies record odometer readings. Lastly, you need to keep track of the date, the business miles driven and the business connection.

We do not normally need to see your mileage log. In some cases, we might. We always suggest using a smartphone app to track your mileage via GPS which also emails you a mileage log compilation. Very nice. Remember, a written log is required to be maintained by you, and can be requested anytime by the IRS during an examination. Memories grow short- keep up with this requirement.



### Lease

Leased vehicles have a lease inclusion which reduces your deduction by a few dollars. But, this inclusion only affects you if you use actual expenses versus the mileage rate. If you believe your actual expenses will exceed the mileage rate, AND this vehicle is leased, please provide the purchase price, the purchase date, and the term (length) of the lease below-

### Loan Interest, Taxes

Even if you use the mileage rate as your method of deduction, the loan interest paid on your vehicle is deductible to the extent of business use. For example, if your interest was \$5,000 and the business use was 10% (using miles) then you receive another \$500 deduction on top of your mileage rate. Wait! There is more. We deduct the tax portion of your auto registrations with your mileage deduction to reduce your self-employment taxes even more. Therefore, we need two numbers. We need the loan interest paid on your vehicle for the tax year and the taxes associated with your auto registrations below-

## Disclosure

I(We) verify that the information provided in this **Vehicle Expense Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) personal income tax return.

Taxpayer Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Spouse Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

Please call or email us at [admin@howardtaxprep.com](mailto:admin@howardtaxprep.com) anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

Howard Tax Prep LLC