

Dave Barton - Realtor®

Brokerage • Real Estate Expertise • Trusted Guidance

Top 10 Deductions for Rental Properties

1. Mortgage Interest

One of the largest deductions for landlords, mortgage interest is fully deductible on rental loans. Since interest makes up the majority of payments in the early years of a loan, this deduction can greatly reduce your taxable income.

2. Property Taxes

Annual property taxes paid to state and local governments are deductible. Keeping good records ensures you capture this expense each year.

3. Depreciation

The IRS allows you to depreciate your rental building over 27.5 years, even if the property appreciates in market value. Depreciation is a 'paper loss' that reduces taxable income without impacting cash flow.

4. Repairs & Maintenance

Ordinary repairs — fixing leaks, patching roofs, painting, or replacing a broken appliance — are deductible in the year they occur. Upgrades that improve the property long-term, however, may need to be depreciated instead.

5. Utilities

If the landlord pays for utilities such as gas, electricity, water, internet, or trash, those costs are deductible business expenses. If tenants pay directly, you cannot claim the deduction.

6. Insurance Premiums

Landlord, liability, hazard, and fire insurance policies are all deductible. This applies to both annual premiums and smaller monthly coverage costs.

7. Professional & Legal Fees

Payments to accountants, attorneys, property managers, or even commissions paid to real estate professionals qualify as deductible business expenses. These costs directly support your rental activity.

8. Travel & Mileage

Whether driving across town to meet a tenant or flying out of state to inspect property, travel expenses for your rental business are deductible. Keep mileage logs and receipts for airfare, lodging, and meals related to property management.

9. Advertising & Marketing

Costs to advertise vacancies — online listings, signage, brochures, or professional photography — are fully deductible. Strong marketing not only attracts tenants faster but also reduces taxable income.

10. Home Office

If you manage your rental activities from a dedicated office in your home, you may qualify for the home office deduction. This can include a portion of utilities, internet, and even mortgage interest tied to the space.

Note: Tax laws change frequently. Consult a tax professional for personalized advice.