

Due Diligence Checklist for QBI Deduction-Real Estate Rental

Taxpayer Name/Signature : _____

Property Address: _____

Instructions: Meet either 1 of the 2 tests and taxpayer qualifies for QBID @ 10/31/18 rules

Real Estate Professional Test 1	YES	NO
1. Does taxpayer spend at least 50% of total annual work hours in a real estate trade or business?		
a. Does taxpayer have detailed time records to prove 50% test?		
2. Are the records substantiated (written) and currently maintained?		
2. Does the taxpayer spend at least 750 annual hours in the trade or business (not counting time as a W-2 employee unless >5% owner)		
3. Does the taxpayer spend at least 500 annual hours on this specific property (may include spouse’s time)?		
a. Does taxpayer have detailed time records to prove the 500 hour test?		
2. Are the records substantiated (written) and currently maintained?		
<u>Summary:</u> if all above answers are “Yes” the taxpayer is a real estate professional and would generally be considered to meet the “regular, continuous, for-profit” rules to qualify for the QBI deduction		
Conventional Rental IRS Notice 2019-07 Safe Harbor Test 2		
On a regular basis does the taxpayer consult with advisors, negotiate and execute leases, consult with or act as property managers or personally maintain, manage or supervise the rental activity of the above property?		
Does this activity continue throughout the year?		
Does the taxpayer, employees, agents or independent contractor of the taxpayer spend at least 250 hours annually dealing with the advisors, managers or personally with tenants, repair or maintenance companies or on-site issues?		
Does the taxpayer maintain contemporaneous written calendar time records to prove the above regular, continuous activity?		

“Under penalties of perjury, I (we) declare that I (we) have examined the statement, and, to the best of my (our) knowledge and belief, the statement contains all the relevant facts relating to the revenue procedure, and such facts are true, correct, and complete.”

Taxpayer or Personal Representative

Property Address

Signature

Date