

Rental Property (First Year)

Information you will need at tax time to report your rental income:

- 1) Realtor's settlement statement for the purchase of the property. If the property was inherited, bring an appraisal if available or property tax statement for the year of death.
- 2) Date the property was first rented* _____
*If you tried to rent the property earlier but were unable to find a tenant, the date the property was ready to be occupied.

3) Income and Expenses

Total rent received	
Damage deposits received	
Damage deposits returned	
Mortgage interest statement	
Property Insurance	
Advertising	
Cleaning & Maintenance	
Commissions	
Legal and other professional fees	
Management fees	
Repairs	
Supplies	
Utilities	
Association Dues	
Other	
Other	

- Mileage. Total number of miles driven to collect rent or to manage, conserve, or maintain your property _____

Total number of miles driven for all purposes, all year _____

- Itemized list of appliances purchased during year (item, cost, and date).

- Itemized list of other improvements made during year (item, cost, and date).

Repairs v. Improvements:

A repair keeps your property in good condition but does not add to the value of the property or substantially prolong its life. Repair expenses are deductible the year paid.

Improvements add to the value of the property or substantially prolong its life. Expenses for improvements cannot be fully deducted in the year paid—the deduction must be spread out over several years. The number of years depends on the type of improvement made.

<i>Repair Examples</i>	<i>Improvement Examples</i>
Painting Fixing gutters or floors Fixing leaks and plumbing problems Plastering Replacing broken windows	Carpeting Roof Windows & Doors Heating system Central air conditioning Furnace Duct work Insulation Landscaping Driveway Fencing Additions (room, deck, patio, garage)

Certificate of Rent Paid:

Minnesota law requires that you provide your tenants with a Certificate of Rent Paid each year. You should prepare and deliver the forms to your tenants as early in January as possible. The Certificate of Rent Paid is the form the tenants use to apply for a property tax refund. Take the property ID number from your property tax statement. Make sure to give the tenant the signed original. Keep a copy for your records. Rent credit forms and instructions are available on the Minnesota Revenue web site. Go to www.revenue.state.mn.us and search "landlords."

Non-Tax Considerations

- 1) Call the city where the property is located to check on the requirements for rental property. Some cities require permits or inspections.
- 2) Check with your insurance agent to see if you need additional coverage.
- 3) Learn your responsibilities as a landlord. A good place to start is with the Attorney General's Office. They publish a booklet, *Landlord and Tenants: Rights and Responsibilities.* It is available at www.ag.state.mn.us. Information from other organizations is also available online; search for "Minnesota landlords."