

# Heintz Tax Service

## RENTAL PROPERTY CHECKOFF LIST

A **TOTAL INCOME FOR BUSINESS** - whether paid by check or cash. Report only what you received in 2020. If the rent was for 2020 but you were not paid until 2021, then that is 2021 income. If you are reporting your income on the accrual basis, we also need to know your accounts receivable at 12/31/19 and 12/31/20. This needs to be detailed by building or unit depending on how your rental property has been set up. Keep a list of security deposits received, kept, and returned.

### B **EXPENSES**

- 1 Advertising - newspapers, business cards, shirts, hats, team sponsors. Yellow page advertising should be on your telephone bill. Also see donation explanation.
- 2 Car & Truck Expenses - you can deduct the cost of using your vehicle for business. You will either use the IRS standard mileage rate of \$0.57.5 or your actual expenses such as gas, oil, repairs, insurance, etc. *Regardless* of which method you use, we need your business miles **and** the total of all miles for the year for each vehicle you use because both of these methods use only the business portion as a deduction. We will also need your business vehicle's excise tax and any interest paid.
- 3 Equipment and Appliance Purchases - any major purchases you made (this would include any items you bought which will last for more than one year). Please list each item separately and provide date bought, cost, description, and if you traded anything towards it, we would also need to see the paperwork showing the trade in allowance.
- 4 Equipment Sold - did you sell (or abandon) any business equipment in 2020 that you had bought in previous years? We will need to know what was sold, date sold, and how much you received.
- 5 Do you pay any utilities? Like oil, propane, water, sewer, wood, electricity, septic pump? Please list each separately.
- 6 Insurance - this may include rental property insurance, business liability, worker's compensation, home owners (if this a building you also live in). Please list separately.
- 7 Interest Paid on Business Loans - such as rental property purchase or improvement loans, equipment loans, and credit cards used solely for your rental property. If you refinanced your rental property, please bring in the closing/settlement statement.
- 8 Leased or Rented Equipment - Cost
- 9 Legal & Professional fees - lawyers, permits, accountants, tax preparation.
- 10 Office Expenses - envelopes, paper, pens, office supplies, postage, business bank fees, etc.
- 11 Outside Labor - the amount you paid people who were not on your payroll to help you in your business. The IRS strongly suggests giving 1099s to all employees, regardless of what you paid them, in order to protect your tax deduction.
- 12 Did you have any cleaning/maintenance costs?
- 13 Do you have any management fees or common fees (such as condo fees)?

**First Time Rental Property**—if this is your first year with this rental, we will need to know how much you have invested into the property. If you purchased the property, we will need a copy of the HUD/Settlement Statement. If you are changing something from a personal property into a rental property, we will also need to see the original HUD/Settlement Statement as well as any refinancing HUD/Settlement Sheets. If you have done any capital improvements to the property while it was personal property, we will need that information as well. We will also need to see a copy of the property tax bill.

14 Did you do any capital improvements to the rental property? Capital improvements are ones that extend life or add value to the property such as remodeling the kitchen or bathroom, replacing the windows (to improve the type of window, not because they were broken), etc. Please list separately the cost and date completed for each project. If you did a major remodeling you can lump building improvements together, but you should separate equipment and landscaping costs.

There is a new ruling on roofs (and similar projects) - if you change the footprint OR upgrade the materials (for example, you had regular shingles and now you use architectural shingles) then it is considered a capital improvement. It is only considered a repair if you use the same type of materials and use the same design.

15 Repairs - to all of your business equipment whether it's office equipment or equipment to do your job. Please detail your projects.

16 Did you do any repairs to your building or land? Repairs do not add value or extend the useful life of the property. Examples of repairs: replacing broken windows and pipes, work done on current furnace.

17 Supplies - miscellaneous tools or materials - such as cleaning supplies, small inexpensive tools (saw blades, paint brushes, sand paper, screw drivers, glue, etc.).

18 Taxes - please list by property.

19 Telephone, cellular phone, paging/beeper services - If you make any long-distance calls. have a beeper or pager service, or use your cellular phone in connection with your rental property, you need to keep track of these calls because you can take a tax deduction for them.

***Generally, anything you have spent for your business is probably a tax deduction for the business. Since every rental property is unique, you may have some items not mentioned above. Please give us that information.***