Real Estate Agent/Broker

Do Your Taxes With Finesse

Working with people. Getting to know your buyers and sellers. The look on a new homeowner's face when you hand them the keys or they see the house that is perfect for them. All of these things are what make being a real estate agent or broker worthwhile. You feel great when a deal closes and you feel successful when you receive a hard earned commission. You can add to those positive feelings with the knowledge that you are taking advantage of every plan, program, deduction, and law that exist to make your tax bill low. Keep your money in your pocket. You earned it.

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- Commissions are subject to a variety of taxes
- Federal Income Tax (Average 20-25%)
- Self Employment Tax (15.3-16.2%)
- State Income Tax (DC: 8.95%) (MD: 8.95% includes county tax) (VA 5.75%)
- Total Tax: 40.05%-50.15%
- Reduce your taxes by tracking your tax deductions (see page 2)
- Learn how to stay organized (bookkeeping, filing systems, etc.)
- Contribute to deductible retirement plans (401K or SEP)
- Make quarterly tax payments also known as "Estimated Payments"
- Carefully plan large automobile or equipment purchases to maximize the tax benefits
- Maintain a home office
- Incorporate your business
- Re-structure health insurance and medical costs as business expenses

Real Estate Agent/Broker Tax Deductions

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Operating & Administrative	e Expenses	Direct Sales Expenses	
Bank Charges		Advertising (newspaper/radio/TV)	
Clerical & Virtual Assistant		Marketing	
Staff & Colleague Meetings		Client Accommodations (warranties/inspections)	
Courier & Delivery Service		Client Gifts (Limited to \$25 per client, per year)	
Desk & Office Rent		Client Moving & Storage Costs	
Photography		Commissions & Referral Fees	
Keys & Locksmith Services		Flowers & Cards	
Lock Boxes		Meals & Entertainment	
Maps, Books & Research Materials		Online Listing Services	
General Office Expenses		Lead Generation Services	
Payroll Processing Fees		Open House & Broker Opens	
Payroll & Unemployment Taxes		Staging (small decorative items <\$500)	
Employee Benefit Programs		Property Cleaning Services & Supplies	
Photocopying & Printing		Professional Expenses	
Postage		Dues and Memberships	
Equipment Rental & Lease		E&O Insurance	
Repairs		Legal Fees	
Signs		Tax Accounting & Bookkeeping Fees	
Sign Installation & Removal		SentriLock Access Fees	
Office Supplies		Continuing Professional Education	
Wages & Salary		Seminars & Speeches	
Tools & Small Equipment (<\$500)		Regional & National Assn of Realtor Dues	
Contract Labor & Subcontractors		Licenses	
Janitorial Services		MRIS & MLS Fees	
Document Shredding Service (Shred-It)		Publications, Newspapers, & Subscriptions	
Offsite Data Back Up Services		Resumes & Bios	
Computer & IT Maintenance Services		Networking Organizations	
Equipment Warranties		Business & Life Coaching	
Framing		Self Employed Health Insurance	
Website Design & Development		Equipment (>\$500)	
Website Hosting & Maintenance		Computer	
Bottled Water, Soda, & Refreshments		Camera	
Business Cards		Smartphone	
Communication Exp	enses	Fax Machine	
Cell Phone Charges		Copier & Scanner	
Office Landline		Printer	
Fax Line or "E-Fax"		File Cabinet	
Internet Access		GPS Unit	
Long Distance Charges		Office Furniture & Decoration	
Text Messaging		Software	
VOIP		Staging Items (furniture/appliances >\$500)	
Data Plan		Brief Case	
Client Email & E-Newsletters		Cleaning Equipment (vacuum/floor steamer)	

Home Office Deduction

Before you take a deduction on your taxes for expenses related to a home office please be aware of some items:

- Your home office must be regularly and exclusively used for your self employed business
- If you own your home please do your best to have ready a copy of your settlement sheet from when you purchased the home and for all past refinancing

Is your home office used regularly and exclusively for your self employed/home based business? YES______NO__ Amount Notes Living space of the entire home in square feet Size of home office in square feet First Mortgage Interest Second Mortgage Interest Equity Line Interest Other Home Mortgage Interest (Private Party) Property Taxes Paid Insurance (Homeowner's or Renter's) Rent Paid Repairs to home (plumbing, electrical, structural) Repairs limited directly to the home office Cleaning Condo Fee or Home Owners Association Dues Electricity Gas Oil Water Trash Collection Alarm System Date you purchased your home Date you placed your home in service for business If different from purchase date Value of land at the time of purchase Improvements (Describe under NOTES) Improvements (Describe under NOTES) Improvements (Describe under NOTES) Other Expenses (Describe under NOTES) Other Expenses (Describe under NOTES)

^{*}Remember your home office must be regularly and exclusively used for your business in order to be a tax deduction*

Auto & Business Travel Deductions

Automobile Information and Expenses		Business Related Travel Expenses	
What kind of car/truck/SUV do you have?		Number of Days on Travel	
When did you place your auto in service?		Air Fare (including baggage fees)	
Purchase Price (including sales tax)		Train Fare	
Do you lease your vehicle?		Car Rental (including insurance and fees)	
If so, how much is your monthly lease cost?		Gasoline for Rental Car	
Mileage on Jan 1st of this year		Taxis & Local Transportation	
Mileage on Dec 31st of this year		Hotel Room	
Total Miles Driven This Year		Telephone & Fax	
Business Miles		Dry Cleaning (only while on travel)	
Commuting miles (if applicable)		Entertainment	
Average daily commute (if applicable)		Meals	
Gasoline		Tips & Gratuities	
Repairs & Maintenance		Internet Access Charges	
Tires, Alignments, Rotations, & Balancing		Travel Agency Fees (Orbitz/Travelocity)	
Towing or Storage Charges		"Clear Card" Security Pass Fees	
Insurance		 If you wish to take a deduction for usage of your automobile it is the recommendation of this firm that you have a mileage log Even if you take a percentage of your expenses rather than the standard mileage rates you must maintain mileage records in order to figure out your business use percentage A mileage log can be in writing or there are devices available that will automatically track your mileage for you. 	
Registration, Licensing, and Tags			
Auto Club, OnStar, AAA, Roadside Assistance			
Basic or Extended Warranty Charges			
Safety & Emissions Inspections			
Car Washes, Detailing, & Cosmetic Repair		 When taking a deduction for business travel please ensure that the travel in question held with it a legitimate business purpose. That includes but is not limited to: a client meeting, income producing property sale or arrangement, or was related to a professional seminar/education session directly related to your business. For more clarification about whether your automobile or your travel is deductible please email or call our office and we will be happy to assist you further. 	
Mile Logging Device or Fees			
Accessories (Floor Mats, Tint, Sound System)			
Auto Loan Interest (if financed)			
Parking & Tolls (EZ Pass Monthly Fees)			
Car Tax or other value based vehicle taxes			