



## Rental & Investment Property

### Do Your Taxes With Finesse

A rental property can be a terrific way to build wealth and may also be a great tool to integrate into your retirement planning. Keep the costs low and you may experience positive cash flow each year and provided you plan appropriately that cash flow could avoid high taxes and in some cases not be subject to any taxes at all. If you generate a loss each year then you may be allowed to use that loss to offset other income on your tax returns and thus pay lower taxes. Rental property can be very rewarding and with some careful planning and a little know how you can reap those rewards for years to come.

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- Must claim all rent collected and rent can be offset by deducting certain qualified expenses (see the reverse side).
- For tax purposes, rental property depreciates and a deduction must be taken to account for this depreciation.
- Depreciation is based on a number of factors (purchase price, in service date, value of the land, improvements, and type of rental property).
- All gains are reported and taxed on your individual income tax returns.
- Losses (up to 25K) may be used to offset other income on a tax return provided the Adjusted Gross Income (AGI) on the return is less than \$100,000.
- Allowed losses begin to reduce (25K-ZERO) as the AGI falls between \$100,000 and \$150,000
- AGI above \$150,000, losses are disallowed for that year. Those losses may be claimed in the future or used to offset profit at time of sale.
- Real Estate Professionals are allowed unlimited losses regardless of their AGI but they must meet a time and income test.

# Rental Property Income and Expenses

Please note that you may be asked to provide a HUD-1 or Settlement Sheet from the purchase and sale if applicable as well as any refinancing that has occurred.

|                         | Property 1<br>(Complete Address incl. city, state, & zip) | Property 2<br>(Complete Address incl. city, state, & zip) | Property 3<br>(Complete Address incl. city, state, & zip) |
|-------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
|                         | Was This Property Sold? Y or N                            | Was This Property Sold? Y or N                            | Was This Property Sold? Y or N                            |
| RENTAL INCOME           |                                                           |                                                           |                                                           |
|                         |                                                           |                                                           |                                                           |
| Advertising             |                                                           |                                                           |                                                           |
| Travel/Auto             |                                                           |                                                           |                                                           |
| Cleaning & Maintenance  |                                                           |                                                           |                                                           |
| Commissions             |                                                           |                                                           |                                                           |
| Property Insurance      |                                                           |                                                           |                                                           |
| Legal/Professional Fees |                                                           |                                                           |                                                           |
| Management Fees         |                                                           |                                                           |                                                           |
| 1st Mortgage Interest   |                                                           |                                                           |                                                           |
| 2nd Mortgage Interest   |                                                           |                                                           |                                                           |
| Mortgage Insurance      |                                                           |                                                           |                                                           |
| Repairs                 |                                                           |                                                           |                                                           |
| Supplies                |                                                           |                                                           |                                                           |
| Property Taxes          |                                                           |                                                           |                                                           |
| Utilities               |                                                           |                                                           |                                                           |
| Permits & Licenses      |                                                           |                                                           |                                                           |
| Condo/Assn Fees         |                                                           |                                                           |                                                           |
| Alarm System            |                                                           |                                                           |                                                           |
| Credit/Background Chks  |                                                           |                                                           |                                                           |
| Eviction Fees           |                                                           |                                                           |                                                           |
| Painting                |                                                           |                                                           |                                                           |
| Pest Control            |                                                           |                                                           |                                                           |
| Gardening               |                                                           |                                                           |                                                           |
| Locksmith Services/Keys |                                                           |                                                           |                                                           |