



TAX
DEDUCTION

REV TAX PREP

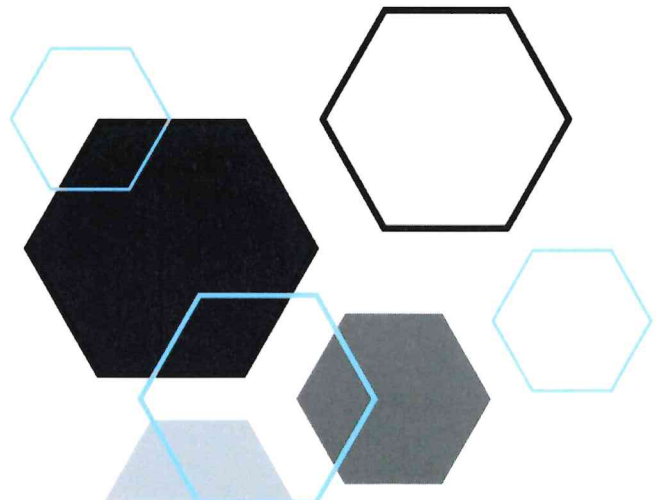
A GENERALIZED GUIDE TO DEDUCTIONS, HOW TO
ORGANIZE THEM, AND WHO TO HELP YOU!

RE/MAX[®]
REVOLUTION

WHAT IS A DEDUCTION?

- A tax deduction is a business expense that can lower the amount of tax you have to pay.
- It's deducted from your gross income to arrive at your taxable income.
- The lower your taxable income is the lower the tax that you owe the IRS is.
- It is commonly called a “write off”
- A standard deduction is a single deduction at a fixed amount.
- Itemized deductions are popular among higher-income taxpayers who often have significant deductible expenses, such as state and local taxes paid, business supplies, cost of business expenses, mortgage interest, and charitable contributions.

RE/MAX[®]
REVOLUTION



LOCAL TAX PREPARERS

Cornelia Cooper
Crystal Financial
515.525.4279

Scott Meister
BerganKDV
515.727.5700

PNT Advisors
JT Pells
515.461.8778

Tony Mauro
Tax Doctors
515.883.1955

Tim Mauro
TD Accounting
515.883.1955

Jeff Vroman
Vroman CPA
515.278.4531

Monica Nikkel
Tarbell & Co PLC
515.994.2822

Michael Pham
Sadoris Accounting
515.965.5663

Tom Macklin
Schmid/Macklin
515.223.0221

Edna Smith
Block Advisors
515.265.8127

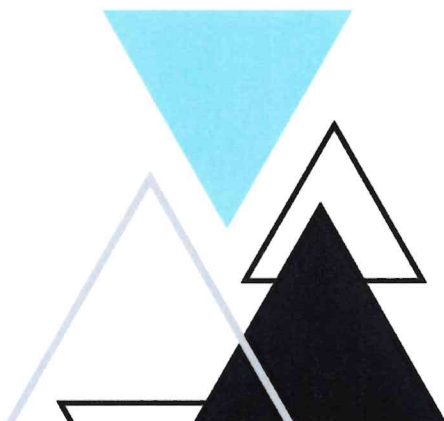
Brian Drevs
Midwest Financial
515.277.4778

Chad Learned
Learned & Assoc
515.225.8488

Marie Adkisson
H&R Block
515.957.9343

Scott Manhart
Insight Tax Services
515.348.8098

Alicia Shaul
Shaul & Assoc
515.318.5159



RE/MAX
REVOLUTION

DEDUCTIONS

INSURANCE

E&O Insurance
Health Insurance
Liability Insurance

LICENSE & PERMITS

Business License

OFFICE EXPENSE

Desk Fees
Client Refreshments (Coffee, Water, etc.)
Copier Fees
Janitorial Services
Office Furniture (Bookshelves, Chairs, etc.)

OFFICE SUPPLIES

Envelopes
Folders
Labels
Paper
Pens
Stationary
Toner/Ink

POSTAGE & SHIPPING

Mail Subscriptions
Postage Stamps
Certified Mail

PROFESSIONAL FEES

Accounting Bookkeeping Legal

RENT

Office Rent
Storage Unit

SELLING EXPENSE

Appraisal Fees
Appreciation Gifts
Meals
Client Gifts (<\$25 per client)
Closing Attorney Fees
Concessions Courier
Services/Delivery Fees
DocuSign
Referral Fees
Home Repairs to sell listed property
Home Warranty
Inspection Fees
Notary Fees
Open House Expenses
Photo Editing
Staging Fees

TRAVEL

Airfare Car Rental Lodging Meals
Parking/Tolls Other Transportation

WEBSITE

Web Design Web Hosting and
Domain Fees

HOME OFFICE EXPENSE

You can also deduct "Home Office Expenses"

We suggest talking to your tax preparer for the MOST accurate information for your situation.

Requirements to Claim the Home Office Deduction

1. Regular and exclusive use.
2. Principal place of your business.

Regular and exclusive use - usually you cannot deduct a home office if it's a home office slash guest bedroom or if it has partial use as something else (like kids toy room or gym or etc).

Principal place of your business - this office is the main place you conduct your business, you may use other venues to meet clients, customers, etc but the normal day-to-day operations is here.

If you meet the criteria for a Home-Based Business, you'll then have to do some calculations to see how much you can deduct from your normal living expenses.

You'll need the following information:

Total Square Feet of Home: _____

Total Square Feet of Office: _____

Divide the Total Square feet of the Office by the Total Square feet of your home.
That will give you a percentage. You will use this to calculate your deductions.
(see below for an example)

To put it simply, take expenses like monthly Mortgage/Rent and multiply it by the percentage you just calculated. The result is the monthly deduction you can take for that expense.

Example: I have a 1000 square foot home, my office is 110 square feet that means my percent I can use is 11%. ($110/1000 = .11$) My monthly rent is \$1,250. So if I multiply my rent by my percent I get to write off \$137.50 per month ($\$1,250 \times .11 = \137.50) for rent for my home office expense.

You'll do this calculation for the rest of your home office expenses.

DRIVING MILEAGE

There's a substantial amount of deductible costs associated with your driving.

When deducting your driving related expenses, there are two options: the standard mileage deduction or the actual expense method.

If you take the standard mileage deduction, you can deduct 65.5 cents per mile driven for business purposes in 2023. The IRS sets a new rate each year to account for fluctuating costs and economic conditions. So, if you end up driving 20,000 qualifying business miles this year, your mileage deduction would turn out to be \$11,700 ($\$0.655 \times 20,000$).

If you decide to take the actual expense method, you need to keep track of all your driving related expenses, including the costs of gas, maintenance, etc., and then, at the end of the year, determine and deduct only the business use percentage of your driving expenses.

The standard mileage deduction is obviously a faster and easier approach, but you should consider carefully which method would give you the greatest tax savings. For example, if your car is pretty new, you may want to choose the actual expense method because that approach allows you to deduct an amount for depreciation. But if your car is a bit older, you may opt for the simpler standard mileage deduction.

How REALTORS® Can Track Mileage

To track your business mileage, it's important to keep a daily log of your driving. This log, according to the IRS, should include the date of driving done, your destination, business purpose, and any other driving-related expenses for the day, such as parking fees or tolls. At the end of the year, you will also need to provide the total number of miles you drove, noting which are for work and which are for personal use.

While many people are fans of using spreadsheets to track their mileage, there are a number of benefits of using a mileage tracking app.

The Benefits Of Using A Mileage Tracking App

With a REALTOR'S® hectic schedule, mileage tracking can often get lost in the mix. That's why a mileage tracking app can be a god-send for busy real estate agents. An app eliminates the need to keep a manual mileage log— Just drive!

QUICK AND DIRTY :-)

I have always assumed that if I take 10% off the top of ALL my gross commissions and put it in an account to pay out to the IRA QUARTERLY then at the end of the year I should have enough paid in to probably cover my taxes.

Here is the thought behind that

You are going to deduct so many expenses from your gross commissions, but you don't know how that is going to shake out in the end. If you assume you pay about 20% in taxes and half of your gross commission will be reduced after itemizing those deductions your are left with 50% off gross commissions.

\$100,000 gross commissions @ 10% off the top is \$10,000

REDUCED BY DEDUCTIONS if the \$100,000 becomes \$50,000 in taxable income and you pay 20% in taxes that is also \$10,000.

It is not a formula that is part of your tax return by any means, but it quickly gets you saving approximately the right amount.

By the way did you hear me say QUARTERLY? READ ON...



QUARTERLY PAYMENTS

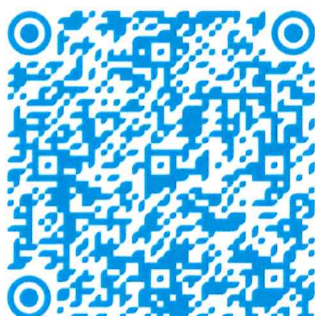
How do I make my quarterly payments?

As a self-employed individual, estimated tax is the method used to pay Social Security, Medicare, and income taxes; this is because you do not have an employer withholding these taxes for you. [Form 1040-ES, Estimated Tax for Individuals PDF](#), is used to figure these taxes. Form 1040-ES contains a worksheet that is similar to Form 1040 or 1040-SR. You will need your prior year's annual income tax return in order to fill out Form 1040-ES. Use the worksheet found in [Form 1040-ES PDF](#) to find out if you are required to pay estimated taxes quarterly.

[Form 1040-ES PDF](#) also contains blank vouchers you can use to mail your estimated tax payments. Other payment options, including pay by phone and online methods, can be found at [IRS.gov/payments](https://www.irs.gov/payments). If this is your first year being self-employed, you will need to estimate the amount of income you expect to earn for the year. If you estimated your annual earnings too high, simply complete another Form 1040-ES worksheet to refigure your estimated tax for the next quarter. If you estimated your annual earnings too low, again complete another Form 1040-ES worksheet to recalculate your estimated taxes for the next quarter.

See the [estimated taxes](#) page for more information. The [self-employment tax](#) page has more information on Social Security and Medicare taxes.

IRS QR CODE



THINGS TO REMEMBER

- YOU are solely responsible for paying your taxes
- If you don't pay them... It doesn't go away
- Be organized – save your receipts
- Be honest – Be smart... but be honest
- If you find yourself with a huge tax bill and no way to pay it go online to the IRS and set up payments.
- If you go on a payment plan be sure you are saving and paying your current years taxes so you aren't double behind next year.
- Sniff test those miles... you should have a log! (APPS)
- Pay your kids to help you. \$12k tax free to dependents.
- Don't net your income down so low that you can't qualify to buy a house. Besides an agent living in a \$500k house with a \$12,000 income doesn't jive.
- Cost of sale items could vary wildly from a can of spray paint to paying for radon mitigation.
- Casual labor is a valid expense but anything over \$600 you will need a W9 so you can 1099 the worker.