

## USE IT AS Example In RENT OF REAL ESTATE WITH "SUBSTANCE SERVICE"

### Real Estate Rental Worksheet, AIRBNB, VRBO, Example 5

- (1) Sole Owner
- (2) Name: Jimmy Stuart
- (3) SS 108-99-5555
- (4) Jimmy has a building of 6 apartments
- (5) (No Federal Employer ID Number)
- (6) Jimmy has decided to put his apartments up for rent through one of the following companies in 2019, (AIRBNB, VRBO, HomeAway) that put them into residential short-term rental.

**Your Income for Rent:** (6) Jimmy has received a 1099-K form with a total income of \$83,000  
Jimmy didn't use the property as personal use in the year.

#### Your Expenses include:

- A. VEHICLE INFORMATION: Miles - Owns a 2016 Toyota Tundra in which he put, 16,000 miles of which 30% went to business. He paid \$ 500 in repairs and \$2,000.00 for gas for the car; and \$ 40 in tolls.
- B. CLEANING SERVICES. Jimmy paid \$ 5,000 throughout the year for regular cleaning, bedding changes and cleaning services during guests' stay in the apartments, (This kind of services is considered as "Substantial Service")
- C. ACCOUNTING. He hired TUCKER CPA to file his personal Tax Return in 2018, paying \$ 400.
- D. BANK EXPENSES. Jimmy paid \$ 12 a month to the bank during the year (12 months) for bank fees.
- E. CELULAR PHONE: Monthly payment of \$ 60 or \$ 720 for the year.
- F. COMPUTER EXPENSES. He bought a new management software for \$ 125 and a computer for \$ 530, he used them exclusively to record Income and expenses in their rental apartments with his VISA card.
- G. UTILITIES SERVICES. TV-Internet \$720 annual, Water, Energy & Gas \$1300 per year.
- H. OFFICE EXPENSES. Ink and paper for printer, pens etc., for \$ 800 per year.
- I. REPAIR AND MAINTENANCE. He paid \$ 500 to fix 2 windows, \$ 300 to fix 3 doors of 3 apartments and paid \$ 2,500 for painting. Total expense of \$3,300
- J. MORTGAGE INTEREST & PROPERTY TAX: He paid \$ 18,500 for Property Tax for the current year and received a 1098 form from the Bank of America for Mortgage Interest for \$19,300
- K. AIRBNB, VRBO, HomeAway: They charge \$ 2,100 for rent fees in 2019.
- L. Property Insurance Payment \$2,300
- M. Depreciation. (Property - Depreciation Expenses)

#### Comments:

- A. VEHICLE INFORMATION. Customer will be taking the standard mileage deduction, for 2019 it's \$0.58 per mile. This is favorable for the customer, cannot take deductions for expenses made in vehicle repairs and gasoline. Instead, taking \$2,784 in the standard mileage deduction. Tolls expenses to be taken in "Parking Fees & Tolls".
- B. CONTRACT LABOR. The Cleaning Service of \$5,000 is contract labor. Contractor will be given a 1099 MISC form for tax return.
- E. CELULAR PHONE: Only deducting business use 50% portion or \$360.
- M. It will be taken according to the date on which the rental property was available for rent. Taking according with the HUD-1 form or "Closing Statement"

#### Note:

Change of bed linen and cleaning service during the stay of the guest is considered for the IRS as "Substantial Service". Then income **will be reported in the schedule C "Profit or Loss from Business" form 1040.**

FORMS on website: [www.DtuckerCPA.com](http://www.DtuckerCPA.com)



## Business Worksheet

ENTITY INFO: Type (Circle one) Sole Proprietor **i** Single Member LLC Multi-Member LLC Partnership S Corp C Corp

Individual Name(s): **JIMMY STUART** **2** SSN: **108-99-5555** **3**

Business Name (if applicable): Owner of the Building **4** EIN (9 digits): **N/A** **5**

Business Description: **RENTING 6 APARTMENTS** **6** Product or Service:

| INCOMES:            |                       |
|---------------------|-----------------------|
| Cash / Checks       |                       |
| 1099s               | \$ 83,000.00 <b>6</b> |
| Interest            | \$                    |
| Others              |                       |
| <b>Total Income</b> | <b>\$ 83,000.00</b>   |

| COST OF GOOD SOLD:   |   |      |
|----------------------|---|------|
| Beg - Inventory      | + | \$ - |
| Purchases            | + | \$ - |
| Materials & Supplies | + | \$ - |
| End - Inventory      | - | \$ - |
|                      |   | \$ - |
|                      |   | \$ - |

COGS \$ -

COGS \$ -

Gross Profit \$ 83,000.00

| EXPENSES:                                    |                       |
|--|-----------------------|
| Accounting                                   | \$ 400.00 <b>C</b>    |
| Advertising                                  |                       |
| Bank Charges                                 | \$ 144.00 <b>D</b>    |
| Cell Phone (Business only)                   | \$ 720.00 <b>E</b>    |
| Auto   | \$ 2,784.00           |
| Commission Expense (Airbnb, Vrbo)            | \$ 2,100.00 <b>K</b>  |
| Computer Expense                             | \$                    |
| Cleaning Serv - Contractor Labor (1099)      | \$ 5,000.00 <b>B</b>  |
| Dues & Subscriptions                         |                       |
| Equipment Rental/Lease                       | \$                    |
| Insurance                                    | \$ 2,300.00 <b>L</b>  |
| Interest Expenses                            | \$                    |
| Legal & Professional                         | \$                    |
| Mortgage Interest paid to Banks              | \$ 19,300.00 <b>J</b> |
| Office Expenses/Supplies                     | \$ 800.00 <b>H</b>    |
| Printing                                     | \$                    |
| Security                                     | \$                    |
| Parking Fees & Tolls                         | \$ 40.00 <b>A</b>     |
| Repairs & Maintenance                        | \$ 3,300.00 <b>I</b>  |
| Software                                     | \$ 125.00 <b>F</b>    |
| Property Tax                                 | \$ 18,500.00 <b>J</b> |
| Travel (Airline, Hotel)                      | \$                    |
| Home Office Expense                          | \$ -                  |
| Utilities (TV-Internet, Water, Energy & Gas) | \$ 2,200.00 <b>G</b>  |
| Website                                      | \$                    |
|  | \$                    |
|  | \$                    |
| <b>Total Expenses</b>                        | <b>\$ 57,713.00</b>   |

NET INCOME \$ 25,287.00

| VEHICLE INFORMATION:                    |                    |
|---|--------------------|
| Total Mileage                           | 16,000.00          |
| Business Mileage (30% of Total Mileage) | 4,800.00           |
| 2019 Rate @ .58                         | \$ 0.58            |
| 2018 Rate @ .545                        |                    |
| <b>Total</b>                            | <b>\$ 2,784.00</b> |

Vehicle Description: **2017 Toyota Tundra**

Dated vehicle was placed in service: **01 / 01 / 2019**

Vehicle is used by a more than 5% owner? **YES** or NO

Is vehicle available for off-duty personal use? **YES** or NO

Is any other vehicle available for personal use? **YES** or NO

| BUSINESS USE OF HOME                      |  |
|---|--|
| Total Area of Home (Square feet)          |  |
| Business Use Area (Square feet)           |  |
| Mortgage Interest                         |  |
| Real State Taxes                          |  |
| Rent                                      |  |
| Insurance                                 |  |
| Association Dues                          |  |
| Repairs & Maintenance                     |  |
| Utilities                                 |  |
| Security                                  |  |
| <b>Total Business Expense use of home</b> |  |

| Equipment Purchased** |           |                    |
|-----------------------|-----------|--------------------|
| Item                  | Date      | Price              |
| HP Computer           | 1/15/2019 | \$ 530.00 <b>F</b> |

Building Depreciation\*\* **M**

I here by delcare that all the information stated above is true and correct to the best of my knowledge. I understand and agree that any false information, misrepresentation, or omission of facts in this worksheet creates a risk in possible auditing.

Signature: \_\_\_\_\_

NOTE\*\*

Equipment Purchased: Please provide Computers, Equipment, etc. Include date placed in Service + Amount.

Depreciation: Taken from the beginning the property was placed for Rent. Is required HUD-1 "Closing Statement"

Pub 527 "Residential Rental Property" Chapter 3  
Providing substantial services

"If you provide substantial services that are primarily for your tenant's convenience, such as regular cleaning, Changing linen, or maid service, you report your rental income and expenses on Schedule C (Form 1040)"