



**REALTORS  
Tax Deductions**

In order to deduct expenses in your trade or business, you must show that the expenses are “ordinary and necessary.” An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the “facts and circumstances” of your unique situation.

**Professional Fees & Dues:**

*Dues paid to professional societies related to your profession are deductible. However, the costs of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.*

**Association Dues  
Chamber of Commerce  
License**

**Realty Board  
Other:  
Other:**

**Continuing Education:**

*Educational expenses are deductible under either of two conditions: (1) your employer requires the education in order for you to keep your job or rate of pay; or (2) the education maintains or improves your skills in your profession. Costs of courses that are taken to meet the minimum requirements of a job or that qualify you for a new trade or business are NOT deductible.*

**Correspondence Course Fees  
Materials, Supplies & Textbooks  
Seminar Fees**

**Other:  
Other:  
Other:**

**Auto Travel:**

Your auto expenses are based on the number of qualified business miles you drive. Expenses for travel between business locations or daily transportation expenses between your residence and temporary work locations are deductible; include them as business miles. Expenses for your trips between home and work each day or between home and one or more regular places of work are **COMMUTING** expenses and are **NOT** deductible.

Document business miles in a record book by the following: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses – gas, oil, repairs, insurance etc. – and of any reimbursement you received for your expenses.

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|--|--------------------------|
| <b>Client Meetings (mi)</b>                | <b>Parking Fees (\$)</b> |
| <b>Continuing Education (mi)</b>           | <b>Tolls (\$)</b>        |
| <b>Escrow &amp; Loan Office Trips (mi)</b> | <b>Other:</b>            |
| <b>Out-of-Town Business Trips (mi)</b>     | <b>Other:</b>            |
| <b>Showing Property (mi)</b>               |                          |

### **Out-of-Town Travel:**

Expenses accrued when traveling away from “home” overnight on job-related and continuing education trips are deductible. Your “home” is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet etc.

Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses – lodging, public transportation, meals etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

|  |   |
|--|---|
| <b>Airfare</b>                             | <b>Parking</b>                          |
| <b>Bus &amp; Subway</b>                    | <b>Porter, Bell Captain</b>             |
| <b>Bridge &amp; Highway Tolls</b>          | <b>Taxi</b>                             |
| <b>Car Rental</b>                          | <b>Telephone Calls (including home)</b> |
| <b>Laundry</b>                             | <b>Train</b>                            |
| <b>Lodging (do not combine with meals)</b> | <b>Other:</b>                           |
| <b>Meals (do not combine with lodging)</b> |   |

## **Supplies & Expenses:**

*Generally to be deductible, items must be ordinary and necessary to your real estate profession and not reimbursable by your employer.*

|                              |  |  |
|------------------------------|--|--|
| <b>Advertising</b>           | <b>Equipment Repair</b>                              | <b>Office Expenses</b>                 |
| <b>Appraisal Fees</b>        | <b>FAX Supplies</b>                                  | <b>Open House Expenses</b>             |
| <b>Attorney Fees</b>         | <b>Film &amp; Processing</b>                         | <b>Photocopy Expenses</b>              |
| <b>Bank Charges</b>          | <b>Finder's Fees</b>                                 | <b>Postage</b>                         |
| <b>Briefcase</b>             | <b>Gifts &amp; Flowers</b>                           | <b>Referral Fees</b>                   |
| <b>Business Meals (100%)</b> | <b>Greeting Cards</b>                                | <b>Rent</b>                            |
| <b>Business Cards</b>        | <b>Insurance (Errors and Omission and Liability)</b> | <b>Repairs to Sell Listed Property</b> |
| <b>Clerical Service</b>      | <b>Legal &amp; Professional Svcs</b>                 | <b>Shipping</b>                        |
| <b>Computer Software</b>     | <b>Lock Boxes</b>                                    | <b>Stationary</b>                      |
| <b>Computer Supplies</b>     | <b>Keys &amp; Locksmiths</b>                         | <b>Other:</b>                          |
| <b>Courier Service</b>       | <b>Multiple Listing Service</b>                      | <b>Other:</b>                          |
| <b>Entertainment (100%)</b>  |  |  |

## **Telephone Expenses:**

*The basic local telephone service costs of the first telephone line in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible if the line is used exclusively for business.*

**Cellular Service**  
**FAX Transmissions**  
**Paging Service**  
**Pay Phone**

**Toll Calls**  
**Other:**  
**Other:**

## **Equipment Purchases:**

*Record separately from other supplies the costs of business assets that are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are recovered differently on your tax return than are other recurring, everyday business expenses like business cards, office supplies etc.*

**Answering Machine**  
**Calculator**  
**Camera**  
**Computer Equipment**  
**Copy Machine**

**FAX Machine**  
**Pager**  
**Recorder**  
**Telephone**  
**Other:**

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*Not every item in our library will be applicable to your situation. If you need further advice, please feel free to give us a call any time at (608) 756-5354. Summit Accounting Group Inc. of Janesville, Wisconsin*

