

INCOME TAX QUESTIONNAIRE FOR REAL ESTATE SALES AGENTS

Taxpayer Name: _____ Tax Year: _____

Phone: _____ Email: _____

INCOME FROM REAL ESTATE SALES ACTIVITIES:

Total Commission Income Reported on Form 1099 \$ _____

Other Business Income \$ _____ Describe _____

EXPENSES RELATING TO BUSINESS ACTIVITY:

Advertising _____ Meals _____ Printing _____

Commissions Paid _____ Entertainment _____ Parking _____

Contract Labor _____ Postage & Delivery _____ SEP or Keogh _____

Insurance: E & O _____ W-2 Wages Paid _____ Office Equipment _____

Insurance: Health _____ Business Gifts _____ Telephone: 2nd Line _____

MLS & Stellar _____ Travel & Lodging _____ Telephone: Mobile _____

Publications _____ Licenses _____ Tele: Bus Long Dist _____

Legal & Prof Fees _____ Supplies _____ Dues & Memberships _____

Office Expenses _____ Computer Charges _____ Education & Seminars _____

Other (Describe): _____

AUTOMOBILE EXPENSES

You must complete the Automobile Expense summary form.

EXPLANATION OF COMMON EXPENSE ITEMS

The most common reason for being audited is failing to break down your expenses into a sufficient number of separate categories.

Advertising: Newspaper ads, brochures, signs, flyers, and copying expenses.

Bank Charges: If you have a separate checking account for business purposes.

Commissions Paid: Commissions paid by you to other agents or other fee splitting arrangements if the total commission was reported to you.

Dues & Memberships: National, state & local real estate dues. Country club initiation fees and dues are not deductible.

Entertainment & Meals: Must be business related and you must save receipts showing who was entertained and why.

Uniforms: Only true uniforms such as Century 21 jackets are deductible. Also include the dry cleaning costs.

Legal and Accounting: Professional fees directly related to your real estate career. Tax preparation fees relating to your Schedule C.

Office Supplies: In addition to normal supplies, include such items as answering machines, file cabinets, fax machines, etc.

Telephone: No deduction is allowed for any portion of the base monthly charge on your first phone line. Additional phone lines or special features that you have for business reasons may be fully deductible. The IRS requires that you document personal versus business use of mobile phones.

Client Gifts: Include closing or other gifts given to clients, referral sources, bank agents, etc. up to \$25 per individual.

Insurance: Errors and omission insurance (if not already deducted from your reported commissions), home owners rider for clients on premises and any other business liability insurance. Do not include auto insurance here.

Closing Expenses: Expenses you pay for to make a deal close such as repairs.

Education: Continuing professional education and other classes directly related to your real estate sales that do not lead to a college degree.

Computer Charges: Some offices now charge their agents for use of the multilist computer service. Do not list if it is already deducted from your reported commissions.

Printing & Stationary: Business cards, Christmas cards, letterhead and envelopes.

Postage & Delivery: Include courier, federal express, stamps, fax charges.

Referral Fees: Cash or gifts given to others for providing referrals even if the referral does not lead to a commission.

Publications: Multilist service, Sunday newspaper, professional journals.

Office Equipment: Answering machines, file cabinets, fax machines, etc. Give detail if large amount.

SEP or Keogh: If you are unsure as to the maximum amount that you may deduct, please indicate that you want us to calculate the maximum for you or that you want us to call you to discuss it first.

Home Office Deductions: Both the I.R.S. and the federal district courts have taken the position that a real estate sales agent is not entitled to an office in the home deduction but recent events indicate that if most of your work is performed at home that you may be able to take this deduction.