🏡 The Real Estate Investor's Tax Deduction Checklist

30+ Deductions Most Investors Miss

> **Adapted from:** The RVA Accountant's *Year-End Tax Planning Checklist (2025)*
> **Disclaimer:** This document is for **educational purposes only**. Consult your CPA for personalized tax advice.

📘 How to Use This Checklist

1. Work through each category and check off items that apply.
2. Keep proof of payments (invoices, bank statements, or receipts).
3. Some expenses are **capitalized** (depreciated or amortized) instead of expensed — your CPA will determine the treatment.
4. Maintain detailed **mileage logs, time records, and notes** for all property-related work.

🏠 A) Property Operations & Carrying Costs

Category	Deductible Items
Financing	Mortgage **interest** (Form 1098 – rental/business use portion)
Taxes & Insurance	**Property taxes**, **landlord insurance**, **umbrella policies**
Fees	**HOA/condo dues**, **property management** fees, **leasing commissions**
Utilities	**Water**, **gas**, **electric**, **trash**, **internet** (for STRs)
Maintenance	**Repairs**, **landscaping**, **pest control**, **painting**
Supplies	**Filters**, **bulbs**, **batteries**, **cleaning materials**

Marketing	**Advertising**, **listing photos**, **signage**
Banking	**ACH/card processing fees**, **merchant account costs**

🚗 B) Travel, Vehicles & Home Office

Category	Deductible Items
Travel	**Mileage** to properties (keep a log), **parking/tolls**, **airfare/lodging** for property work
Home Office	**Simplified method** ($5/sq ft up to 300 sq ft) or **actual-expense** method
Communications	Business-use portion of **phone** and **internet** bills

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⚖️ C) Professional & Compliance

- **CPA / accounting / bookkeeping** fees
- **Attorney** fees (leases, evictions, closings)
- **Cost segregation** study costs
- **1031 exchange** intermediary fees
- **Business licenses / permits / annual fees**
- **Education / memberships** (landlord groups, RE courses, trade publications)
- **Software subscriptions** (property management, e-sign, bookkeeping, rent collection)

🧰 D) Assets, Improvements & Elections *(Coordinate with your CPA)*

- **Appliances** (stove, fridge, washer/dryer)
- **Flooring / carpet** replacements
- **HVAC / water heater** installations
- **Security systems / cameras / smart locks**
- **De Minimis Safe Harbor** election – expense ≤ $2,500/item ($5,000 with AFS)
- **Section 179** expensing (subject to 2025 limits & property rules)

- **Bonus depreciation** (confirm placed-in-service date)
- **Capital improvements** (roof, additions – capitalize/depreciate)
- **Tools & small equipment** (hand tools, ladders, shop-vac)

💡 E) Real Estate-Specific Strategy Boxes *(High-Impact Opportunities)*

Strategy	Key Points
Cost Segregation	Accelerate depreciation on newly purchased or renovated properties
REP Status	750+ hours & > 50% of total work time in RE activities — keep detailed logs
Grouping Election	Treat multiple rentals as one activity for material participation tests
STR Classification	If average stay < 7 days and you materially participate, track hours carefully
1031 Exchange	45-day ID / 180-day close deadlines — must use a Qualified Intermediary
Energy-Efficiency Credits	Track product specs, certifications, and invoices for eligible improvements

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🗂️ F) Often Missed "Admin" Deductions

- **Postage / shipping** (keys, documents)
- **Office supplies** (paper, toner, storage boxes)
- **Subscriptions** (credit/background checks, data services)
- **Meals** with contractors or property managers *(50% deductible if business discussed)*
- **Safe-deposit box** for property documents
- **Bad debts** (must document collection attempts)
- **Casualty / theft** losses (confirm thresholds with CPA)

📑 Documentation to Keep on File

✅ Receipts & invoices
✅ Proof of payment
✅ Photos of repairs/improvements
✅ Mileage & time logs
✅ Leases & property manager statements
✅ Closing statements
✅ Cost-segregation or engineer reports
✅ Energy-credit certificates
✅ Contractor or tenant correspondence

🕒 Year-End Sprint (November–December)

- **Prepay** deductible expenses (insurance, software, services) before Dec 31 *(cash-basis)*
- **Place assets in service** by Dec 31 to claim 179 or bonus depreciation
- Run a **tax projection** and adjust **estimates / withholdings**
- Evaluate **Roth conversions** if income is unusually low
- **Organize records** and schedule a **CPA review**

⚠️ **Important:**
This checklist is for **general education** only and not tax advice.
Tax treatment varies for **short-term rentals**, **mixed-use properties**, and **personal use**.
Always verify classification of **repairs vs. improvements** and apply elections under CPA guidance.

For personalized planning, schedule a consultation at www.thervaaccountant.com