



Lancaster CPA & Associates

Real Estate Tax Experts

Tiffany Medellin, CFE

CONSULT:
OFFICE@PATRICIALANCASTER.COM
(256) 325-3654

Tiffany: \$150 per hour

(S-Corp, Partnership, LLC, Real Estate Investing)

Pat: \$200 per hour

(Like Kind or 1031 Exchange, Self-Directed IRA, Retirement Planning)



Referrals

MorrisBlankAccounting.com

256-489-7900

www.PatriciaLancaster.com/Realtors

Realtors + Taxes

 Lancaster CPA

 HAAR
HUNTSVILLE AREA ASSOCIATION of REALTORS®

At minimum, 32% of your profits will go towards taxes. Learn how to reduce your tax bill and audit-proof your business.

W2 versus 1099: What it means to be an SBO
The IRS considers you an Small Business Owners, SBO. This means new tax strategies and responsibilities.

Deducting and Tracking Business Expenses
Deducting travel, meals, entertainment, and 40+ other deductions. Ensure no business deduction is missed with our FREE Realtor's Expense Tracker.

Filing Estimated Taxes
Learn how to file quarterly estimated tax payments required once you're profitable.

Mileage & Home Office Deduction
Maximize your car, mileage, and home office deduction.

Recordkeeping & The IRS
Audit-proof your small business.

Choosing the Best Business Entity
Choose Wisely: Sole Proprietor, Partnership, LLC, Corporation.

Class Agenda:

- Realtors
- Business Entity 101
- Tax Strategies: The Basics
- Tax Deductions 101
- Tax Deductions 102
- Recordkeeping & The IRS
- Incorporating and Hiring Help
- Healthcare and Retirement Planning

Click Flyer for Power Point Slides

 PATRICIA
LANCASTER CPA

Home Services Resources Clients **Realtors** Investors Contact Us

Real Estate Tax Academy

Home > Realtors

Realtor's Expense Tracker & Deduction Checklist
FREE

Click Here to Subscribe

Employment Taxes (SS, Medicare, FUTA) \$ -
Business License and Permits (RE License) \$ -
Real Estate and Property Tax \$ -
Travel and Lodging \$ -
Automobile Expenses \$ -
Office Equipment, Line 13
Ex: Laptop, software, printer
Employee Benefits, Line 14
Ex: Accident and health care, life insurance
Business Insurance (other) \$ -
Interest, Line 16
Mortgage (for a home) \$ -
Other interest and investment interest \$ -
Legal & Professional, Line 17
Bank Charges \$ -
Telephone \$ -
Client Gifts (\$25 limitation) \$ -
Club/Organizational Dues (other) \$ -
Courier Costs \$ -
Education \$ -

IRS INDIVIDUAL TAX ACCOUNT

How To: Set Up IRS Individual Tax Account

(Estimated Time: 15-20 minutes)

WHY SET UP ACCOUNT?

With an IRS Individual Tax Account, you can easily gain access to the following tax information associated with *your* SSN:

- IRS tax return transcripts (Ex: Form 1040)
- Tax Forms (Ex: W2, K-1, 1099, 1098, 1099-Div, etc)
- IRS Tax Notices
- Estimated Tax payment history and links to pay estimated tax online.
- Thoroughly monitor your installment agreement with IRS (if applicable)
- ❖ Each spouse should have his or her own account.

WHAT YOU WILL NEED

- Smartphone or computer with camera
- Driver's license or passport
- Social Security Number (SSN)
- Email (personal, never work email) and mobile phone
- Current mailing address



How?



IRS

Sign in with an existing account

Sign in with **ID.me**

OR

Create a new account

ID.me Create an account



Checklists
Click to Download one of our checklists. Please share any checklist you find useful. Thanks!

Checklist For Income Tax Return
Filing Deadline: April 15
www.PatriciaLancaster.com

Checklist For Income Tax Return Small Business Owners
Filing Deadline: April 15
www.PatriciaLancaster.com

NEW TAX BILL
Tax Cuts and Jobs Act of 2017
How it affects Individuals, Real Estate Investors, and Small Business Owners
801 Deduction
www.PatriciaLancaster.com

Checklist Deductions for Real Estate Agents
www.PatriciaLancaster.com

Super useful checklist to ensure you bring all the relevant information to your tax prep appointment!

Let's ensure that you have all the information needed to complete your return and never miss a single deduction

Schedule C Summary (for your CPA)

Real Estate Agents

Complete this Schedule C Summary for

Tax Deduction Checklist for RENTAL PROPERTY



AGENDA

1. IRS Perspective
2. What's My Tax Rate
3. Deductions & Tracking Expenses
4. Realtor's Expense Tracker (Excel)
5. Form 1099
6. Estimated Tax Payments
7. Mileage & Home Office
8. Business Entity: Sole Proprietor vs LLC or S-Corp

IRS PERSPECTIVE

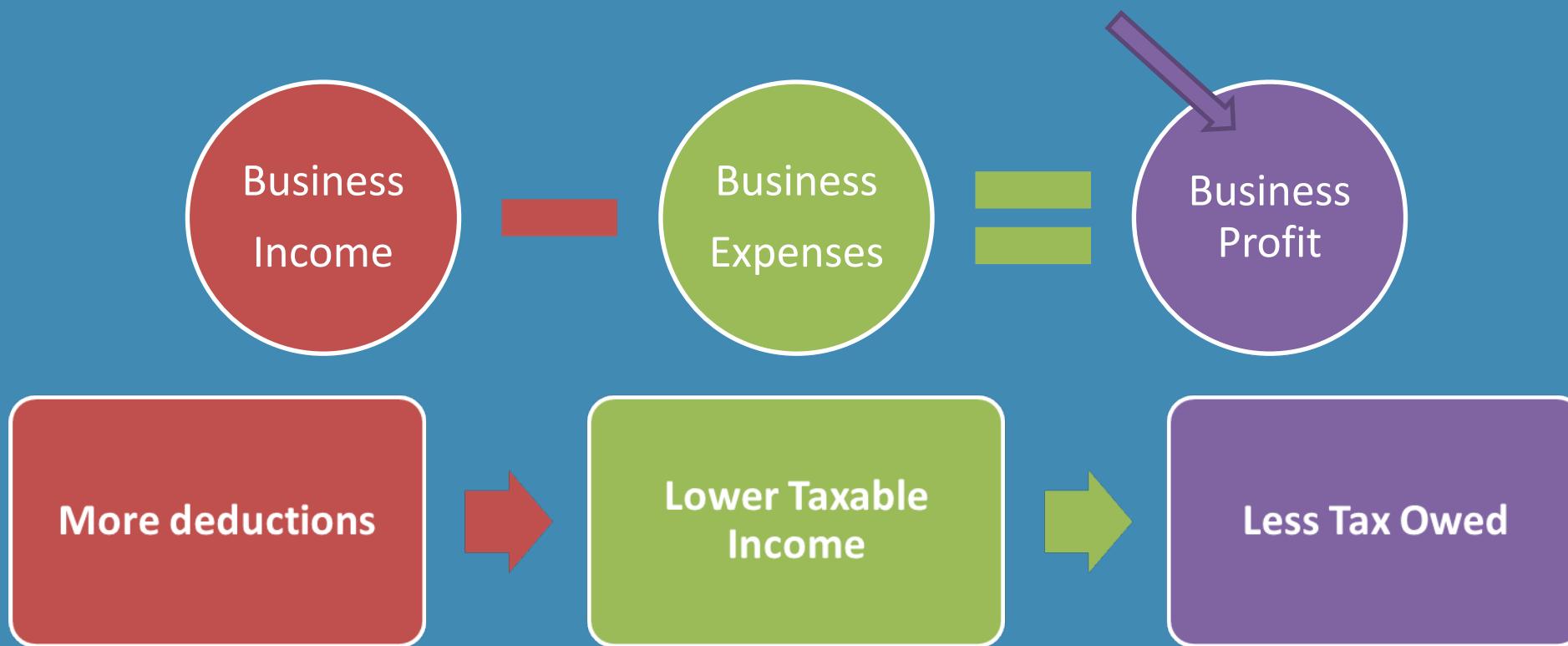
- You are a small business owner.
- You are responsible for:
 - Record keeping.
 - Complete, accurate, and timely filed tax return.
 - Computing and Paying your taxes (quarterly).

LANCASTER CPA PERSPECTIVE

- You have access to strategies that regular employees do not have.
- Gone are the days when you could self-prepare your tax return.
- Tax planning takes place throughout the year – RELATIONSHIP!

PAY TAXES ONLY ON YOUR PROFITS!

You do not **pay tax** on your total commission check.
You only pay tax **on your profit!**



WHAT'S MY TAX RATE?

You do not **pay tax** on your total commission check. You only pay tax on your profit!



Federal tax
rate could
be up to
28%.

48%



2026 Federal Tax Brackets



TAX BRACKET/RATE	SINGLE	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	\$0 - \$12,400	\$0 - \$24,800	\$0 - \$17,700
12%	\$12,401 - \$50,400	\$24,801 - \$100,800	\$17,701 - \$67,450
22%	\$50,401 - \$105,700	\$100,801 - \$211,400	\$67,451 - \$105,700
24%	\$105,701 - \$201,775	\$211,401 - \$403,550	\$105,701 - \$201,775
32%	\$201,776 - \$256,225	\$403,551 - \$512,450	\$201,776 - \$256,200
35%	\$256,226 - \$640,600	\$512,451 - \$768,700	\$256,201 - \$640,600
37%	\$640,600+	\$768,701+	\$640,601+

	SINGLE (REALTOR = SIDE HUSTLE)	MFJ (W/ ONE KID)
Realtor Commission (1099-NEC)	\$ 33,796	\$ 187,297
- <u>Expenses</u>	- \$ 19,728 58%	- \$ 30,332 16%
= Realtor Profit (Sch C)	= \$ 14,068	= \$ 156,965
Wages	\$ 30,000	\$ 98,000 (spouse)
AGI (Adj Gross Income) SEP Contrib.	\$ 43,074	- \$ 211,428 (\$30K SEP)
- Standard Deduction	- \$ 14,600	- \$ 29,200
- <u>QBI Deduction</u>	- \$ 2,615	- \$ 23,342
= Taxable Income	= \$ 25,859	= \$ 158,886
Fed Tax (effective)	\$ 3,823 14%	\$ 23,027 15%
SS & Medicare Tax	\$ 1,988 15%	\$ 22,179 15%
State Tax	\$ 1,708 5%	\$ 8,116 5%
	\$7.5K Tax	\$53K Tax

DEDUCTIONS & EXPENSE TRACKING

- ILLEGAL: Tax Evasion
- LEGAL & Ethical: Tax Avoidance
- Open a separate checking account for your business.
- Every expense you fail you track is worth a minimum of 32% back in your pocket.

\$100 worth of receipts = \$32 in tax savings

RECORDKEEPING

- If audited, you will have to produce receipts, not just bank records.
- Keep tax records for 3-6 years since the IRS can look back up to 3 years (in most circumstances).

OTHER COMMON DEDUCTIONS

- Advertising
- Business Coaching
- Business Travel (*be careful*)
- **Car** (*Mileage deduction*)
- **Car Loan Interest** (*portion*)
- Cell Phone (*portion*)
- Client Gifts (*\$25/yr per client*)
- Continuing Ed
- E&O Insurance
- Home Internet (*portion*)
- **Home Office**
- Legal and Accounting/Tax
- Listing, Staging, Selling
- **Meals**
- Office/Broker Fees
- Professional Dues (*MLS, SUPRA*)
- Software, Business Apps
- Supplies

MEALS

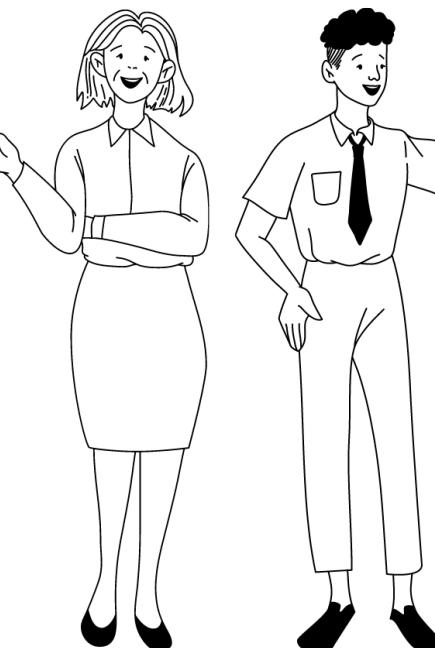
- Meals are ONLY deductible when you are taking a potential client or business associate for a meal. In other words, you paid and the receipt will show 2+ meal items.
- Colleagues dining “*dutch*” is not and never has been deductible – even if you discuss business the entire meal.

Car Deduction:

MILEAGE *OR* **ACTUAL**

Pick the best one for you

Business use miles
x
Standard
Mileage Rate



All vehicle costs
minus
percentage of
personal use

ACTUAL MILEAGE: How it works:

- Keep a mileage log to track BUSINESS versus PERSONAL mileage
- Keep receipts for all the following:
 - Gas
 - Insurance, lease payment
 - Repairs & Maintenance (oil change, tire rotation)
- Deduction: Total Receipt total \times Business use percentage:
 - Ex: Total receipts \$7,200 \times 65% Business use = \$4,680 deduction
- **WARNING:** Requires more record-keeping
 - than the standard mileage method.
 - More likely to be audited.
 - Once you elect this “Actual” method, you are married to this method for as long as you own the vehicle.

STANDARD MILEAGE RATE: How it works:

- You deduct \$0.725 (2026) for every business mile you drive.
- It **requires less record-keeping**; you only keep track of how many miles you drive; you do not track actual expenses – gas, maintenance, repairs, etc...
- The only additional expenses you can deduct are:
 - ✓ Interest on a car loan
 - ✓ Personal property tax; auto registration fee – car tag.
- ✓ Less Likely to be audited if you choose the “Standard” Method

**\$0.725 / BUSINESS MILE
(BEGINNING 2026)**



**1,000 miles per month (12K/yr.) =
\$8,700**

**1,500 miles per month (18K/yr.) =
\$13,050**

Part IV

Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ► / /

44 Of the total number of miles you drove your vehicle during 2014, enter the number of miles you used your vehicle for:

a Business

b Commuting (see instructions)

c Other

45 Was your vehicle available for personal use during off-duty hours? Yes No

46 Do you (or your spouse) have another vehicle available for personal use? Yes No

47a Do you have evidence to support your deduction?  Yes No

b If "Yes," is the evidence written? Yes No

SCHEDULE C EXCERPT

Table 5-2. Daily Business Mileage and Expense Log

Name: _____

Source: IRS Publication 463, Cat. No. 11081L, Travel, Entertainment, Gift, and Car Expenses

IRS Example of a Mileage Log

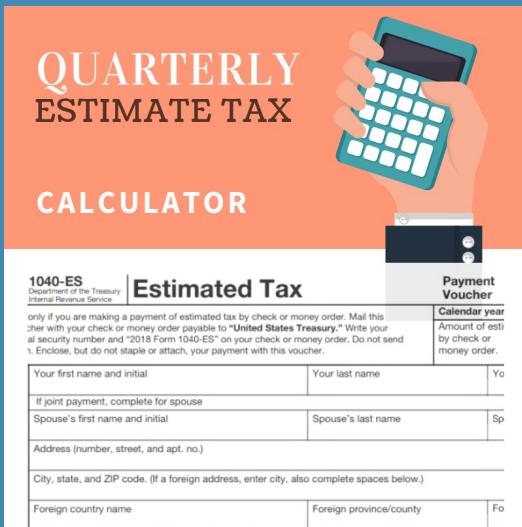
WARNING:

Regardless of the mileage method you choose (Standard v. Actual), the IRS still requires you to keep a mileage log!

ESTIMATED TAX & PENALTIES

1. Not Paying

2. Underpaying



Tax Deadlines:

Jan 15

Q4 Estimated Tax Payment (prior year)

Jan 31

1099s, 1098s, W2s

March 15

Partnership & S-Corp returns... or File Ext

April 15

Individual returns (1040)... or File Extension
Q1 Estimated Tax Payment

Jun 15

Q2 Estimated Tax Payment

Sept 15

Extended Partnership & S-Corp returns
Q3 Estimated Tax Payment

October 15

Extended Individual returns

ESTIMATED TAX PAYMENTS: Federal



 IRS

Direct Pay [Have questions or need additional information? | Español](#)

Step 1 of 5

Tax Information

Select the appropriate payment type and reason for your payment. Information about payment types can be found by clicking the help icon (?). If you are making more than one type of payment or making payments for more than one tax year, submit each of them separately.

Business Taxes?

All business tax payments should be made through the [Electronic Federal Tax Payment System \(EFTPS\)](#)

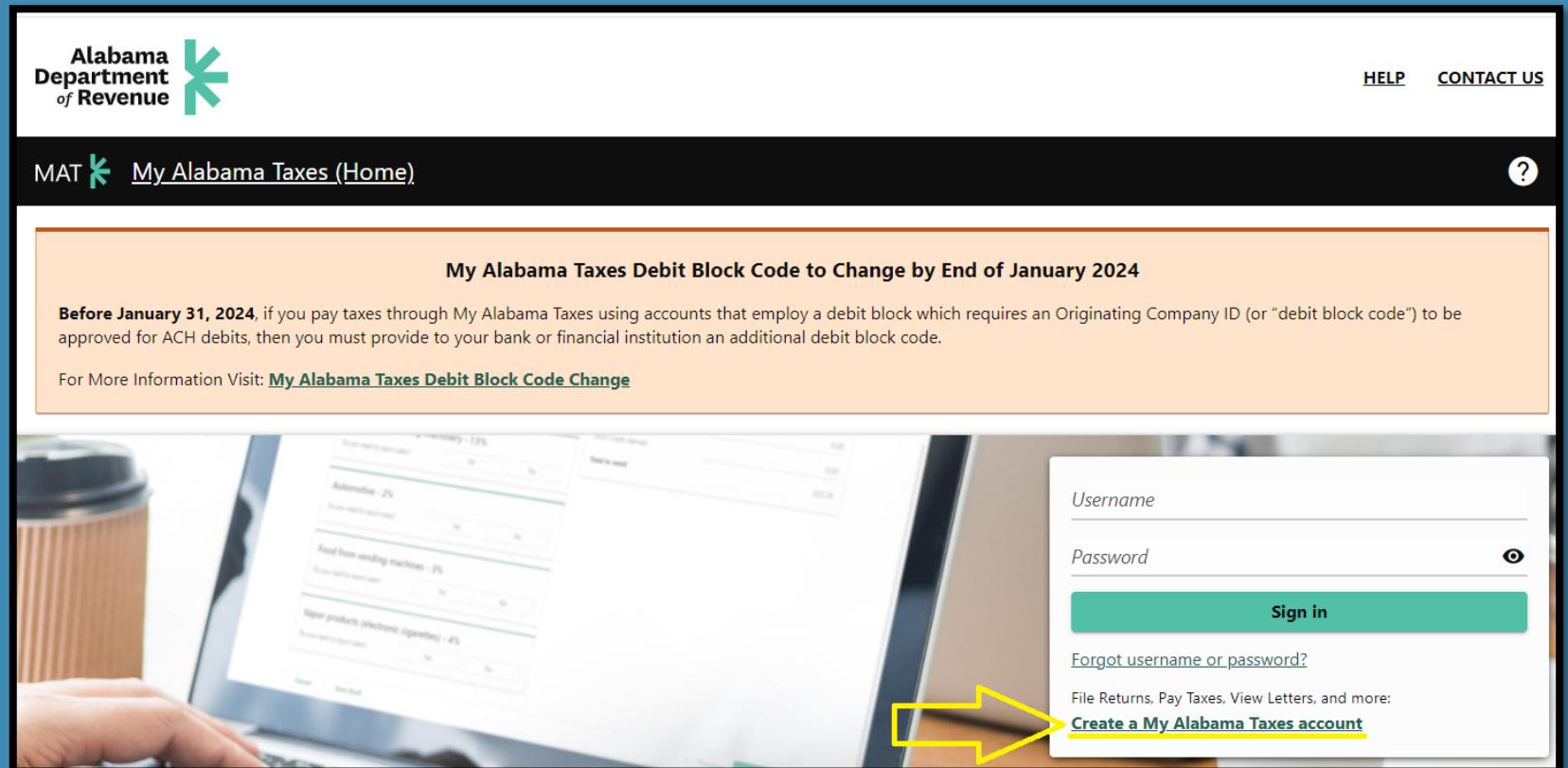
Reason for Payment ?
Estimated Tax

Apply Payment To ?
1040ES (for 1040, 1040A, 1040EZ)

Tax Period for Payment ?
Select Year ***Make sure to select the correct tax year!!!!***

CONTINUE >

ESTIMATED TAX PAYMENTS: How To: Set up Est. Tax with ALABAMA



Alabama Department of Revenue [HELP](#) [CONTACT US](#)

MAT  My Alabama Taxes (Home) [?](#)

My Alabama Taxes Debit Block Code to Change by End of January 2024

Before January 31, 2024, if you pay taxes through My Alabama Taxes using accounts that employ a debit block which requires an Originating Company ID (or "debit block code") to be approved for ACH debits, then you must provide to your bank or financial institution an additional debit block code.

For More Information Visit: [My Alabama Taxes Debit Block Code Change](#)

Username

Password [Forgot username or password?](#)

Sign in

Create a My Alabama Taxes account

Form 1099: Due Jan 31st

- Failure to file the form could result in a penalty as much as \$2,000 per each omitted, late, or incorrect 1099-Misc.
- Also, copies of 1099s and summary returns are due to the IRS (Form 1096) and the State (Form-96) by January 31st .
- The problem you may encounter is those subcontractors that don't want you to issue them a 1099. Make sure you get them to fill out a W-9 form **before** you issue them a payment.

W-9 Rev. October 2018 Department of the Treasury Internal Revenue Service		Request for Taxpayer Identification Number and Certification ► Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester. Do not send to the IRS.																					
Print or type. See Specific Instructions on page 3.																								
1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.																								
2 Business name/disregarded entity name, if different from above																								
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.																								
<input type="checkbox"/> Individual/sole proprietor or <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate single-member LLC																								
<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.																								
<input type="checkbox"/> Other (see instructions) ►																								
4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): <input type="checkbox"/> Exempt payee code (if any) _____ <input type="checkbox"/> Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>																								
5 Address (number, street, and apt. or suite no.) See instructions.																								
6 City, state, and ZIP code																								
7 List account number(s) here (optional)																								
Part I Taxpayer Identification Number (TIN)																								
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> , later.																								
Social security number <table border="1"><tr><td> </td><td> </td><td> </td><td>-</td><td> </td><td> </td><td>-</td><td> </td><td> </td></tr></table> or Employer identification number <table border="1"><tr><td> </td><td> </td><td> </td><td>-</td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>							-			-						-								
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Note: If the account is in more than one name, see the instructions for line 1. Also see <i>What Name and Number To Give the Requester</i> for guidelines on whose number to enter.																								
Part II Certification																								

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

SOLE PROPRIETOR VS S-CORP OR LLC

Forming an LLC or S-Corp is an **ENORMOUS** tax and accounting decision. There is no one-size-fits all response. Consult a reputable, knowledgeable CPA BEFORE you do this.

Ask an Attorney:

“What can an LLC do for me as a REALTOR that my Error & Omission insurance cannot do?”

MY CHECK LIST:

- Set up a **SEPARATE** bank account (and/or credit card) for your business.
- Carefully review the **Realtor Deduction Reference** so you know what you're entitled to deduct.
- Keep a **mileage log**.
- Pay **estimated tax** **EVERY** quarter as soon as you are **profitable**.
- Don't forget to file **Form 1099's** in January. Don't **DIY** this.
- DO NOT form an LLC or S-Corp without **consulting** a **CPA FIRST**. Get accounting and bookkeeping fees up front. (wait until Profit is \$100K+)
- You should be in contact with your **CPA ROUTINELY** throughout the year for **tax planning**.



The screenshot shows the website's header with a gold seal logo and the text 'PATRICIA LANCASTER CPA'. Below the header is a navigation bar with links: Home, Services, Resources, Clients, Realtors (which is highlighted in a red box), Investors, Contact Us, and a search icon. The main content area is titled 'Real Estate Tax Academy'. On the left, a sidebar lists various tax-related topics. In the center, there is a large call-to-action button with the text 'Realtor's Expense Tracker & Deduction Checklist' and 'FREE'. Below this, a circular button says 'Click Here to Subscribe'. A yellow circular graphic surrounds the 'Realtors' link in the navigation bar.

To get the free Realtor's Expense Tracker (Excel), you must subscribe to our email list.

The screenshot shows a table of deduction categories and their descriptions. The table has two columns: 'INCOME' and 'INCLUDED in case you'd like to track your business income, ex. Commission Check'. The 'INCOME' column includes 'Ad Agency Fees', 'Classified Advertising', and 'Imprinted Small gifts'. The 'INCLUDED' column provides details about imprinted small gifts being considered promotional items and subject to a \$25 per year per recipient rule. A tip notes that non-imprinted client gifts (reported on line 27) are subject to the \$25 limitation. The table continues with other categories like 'COMMISSIONS & FEES', 'CONTRACT LABOR', 'OFFICE EQUIPMENT', 'EMPLOYEE BENEFITS', and 'INSURANCE'. To the right of the table is a large blue callout box with the text 'DEDUCTION REFERENCE' in large white letters, followed by 'Comprehensive Detailed Descriptions' and 'BONUS: Auditor Tips!'. Two pencils are shown on either side of the callout. The background of the callout is blue.

Date	Payee/Description	Debit or (credit)	Notes
1/1/2015	AL.com	\$189.00	Online Ad
1/2/2015	Huntsville Times	\$100.00	Real Estate Ad
1/3/2015	Chevron	\$39.42	Gas
1/4/2015	1234 Judy Realtor	\$250.00	check
1/5/2015	Best		
1/6/2015	Sm		
1/7/2015	Ban		
1/8/2015	Lan		
1/9/2015	Vista		
1/10/2015	Hon		
1/11/2015	Best		
1/12/2015	Wal-		
1/13/2015	AL R		
1/14/2015	Mar		
1/15/2015	Zoe		
1/16/2015	1235 Roll Tide Program	\$100.00	Football ticket, client J. Vanatta
1/17/2015	Suzy Assistant	\$1,000.00	ABC Virtual Assistant, INC.

EXPENSE TRACKER

Easy to Use
Easy to Filter
Automated Summary for CPA

EXPENSE SUMMARY

Automated
Organized by Tax Categories
For your CPA!



[DOWNLOAD](#)

































