



CAPE CORAL ACCOUNTING SERVICE, INC.

Established 1961

January 2019

Dear Clients and Friends:

The ever-complex and changing world of tax law has taught us all to be as detailed as possible when accumulating data and information to be incorporated as part of a taxpayer's year-end tax records. You should be aware that the Internal Revenue Service is continuing to require more due diligence on the part of tax preparers, and IRS notices and inquiries continue to be a major source of revenue for the IRS. With that end in mind, our office is striving to be as accurate and complete as possible in the gathering of information that will be used to complete your personal income tax return and in order to help you to pay the lowest, legal amount of tax possible.

Enclosed, you will find our year-end **"Rental Property Tax Packet"**. We hope that you will find this tool useful in compiling your current year rental property information. Please note that not all items of income and expense will apply to every property. The IRS has established a strict set of standards for tax preparers. In order to meet the criteria set forth under the IRS guidelines, my office is taking extra measures to assist you with the gathering of information to be included on your tax return. Therefore, it is **MANDATORY** that **all rental property owners complete** a "Rental Property Tax Packet" (for all areas that do apply to their properties). Please be sure to sign and date the forms. The packet should be returned to our office along with your other personal income tax records.

If this is your first year with our firm, please be sure to provide a copy of any prior depreciation schedules. You should also be aware that even though the requirements for all rental property owners to file forms 1099-Misc. were repealed, some rental property owners are still considered to be engaged in a trade or business and are subject to the 1099 reporting rules. For example, if you are a real estate professional or own property that is rented out for less than a week at a time, or **you provide substantial services**, you are subject to the 1099 reporting rules. This means that you are **REQUIRED** to keep track of all payments you make to individuals who provide services to you in connection with your rental property (i.e plumbers, painters, landscapers, accountant, attorney, etc). For all payments of \$600 or more to any one individual during the tax year, you **ARE REQUIRED** to prepare and file Form 1099-Misc. and report those payments. These 1099-Misc. forms must be distributed to the payee on or before 1/31/2019. We strongly suggest that you obtain IRS Form W-9 and begin collecting the required information **NOW** and have the person providing the services to you complete and sign the form **BEFORE** you make any payments to them in the current year. You may find it difficult to gather the necessary information after you have made your payment for services. You can obtain Form W-9 from the IRS or by visiting our website at either

Please keep in mind that there are a limited number of weeks, days and hours during tax season that we have available to produce the most accurate tax return that we can. Therefore, we ask for your cooperation in filling out the Rental Property Tax Packet as completely and accurately as possible and returning the forms to our office with your personal tax records. We do appreciate your cooperation and look forward to working with you.

All my best and I look forward to working with you. Thanks again!

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WEB: WWW.CAPECORALACCOUNTING.COM

Name: _____

Current Year Tax Questions (complete page for each owner)

1. What was your marital status as of 12/31? Single Married

2. Of what country or countries were you a citizen or national during the past tax year?

3. In what country did you claim residence for tax purposes during the past tax year?

4. What was your visa type on the last day of the preceding tax year, if Visa is required?

5. Have you ever changed your visa type (nonimmigrant status)?

6. List dates you entered and left the United States during the 2018 calendar year:

Dates Arrived

Dates Departed

7. Are a resident of Canada or Mexico & enter and leave the U.S. at frequent intervals?

Yes

No

8. Give the number of days (including vacation, nonworking days and partial days) you were present in the U.S. during the previous tax year: _____

9. Did you have any U.S. source income that is not "effectively connected" with your rental property such as interest, dividends, wages, pensions or capital gains (other than from the sale of the property itself)? If yes, please provide details and/or tax forms: _____

First Year Filing Tax Checklist

Complete this form only if this is the first year that Cape Coral Accounting Service Inc is preparing your US Tax Returns.

Owner Name(s): #1 _____ #2 _____

ITIN: #1 _____ #2 _____

If each owner does not have a U.S. Individual Tax Identification Number (ITIN), you will need to apply for one. Contact our office for more details in how to do so.

- | | Owner #1 | Owner #2 |
|--|-----------------------|----------|
| 1. What is the country that issued your passport? | | |
| 2. What is your Date of Birth? | | |
| 3. Total number of days stayed in the US in the Current Year and the prior two tax years for each owner: | 2 nd prior | |
| | 1 st prior | |
| | Current | |
| 4. Date you first entered the US (ever) – If unsure use month/yr. | | |

Were you ever a US Citizen? Owner #1 Yes No Owner #2 Yes No

Were you ever a green card holder? Owner #1 Yes No Owner #2 Yes No

Have you ever applied to be a green card holder (permanent resident) of the U.S.?

Owner #1 Yes No Owner #2 Yes No

5. Did you file a U.S. income tax return for any year before this tax year? Yes No

If yes, please provide us with:

- Copies of the past two years' tax returns (Income and Tangible)
 - Depreciation Schedule for rental property, improvements and furnishings.
 - Copy of Settlement Statement (HUD-1) showing purchase price of the property and related closing costs. *****IMPORTANT***** If the property was purchased from a Non-Resident, provide a copy of with the Internal Revenue Service FIRPTA Certificate of Forms 8288, 8288-A and a copy of check in payment of FIRPTA Withholding remitted from title company (contact closing agent if you do not have these documents in your closing file and request them). If the property was purchased from a U.S. Person or U.S. Corporation, an "Owner's Affidavit" and "Request for ID#" should be supplied to us (look in your closing documents).
 - Copy of invoice for furniture package if it was not included in the purchase price of the home.
 - If home purchase included furniture five approximate value of used furniture \$ _____
6. If you are using Cape Coral Accounting Service, Inc., services for the first time, please provide a copy of each owner's passport.

For future reference – Sale of Home FIRPTA Withholding:

If you should decide to sell your property – please notify us at least 30 days in advance of the sale or as soon as you have a contract to sell the property so that we can advise you regarding the IRS mandated 10% FIRPTA withholding tax.

Rental Property Owner(s): _____

Filling out this tax organizer can save you the costs of our firm doing the bookkeeping for your rental property.. Keep the receipts together by type for your records. Write the expense category description on the top of each group of receipts INCLUDING EXPENSES CHARGED TO A CREDIT CARD. Please be sure to answer all questions on page 2 and complete the auto worksheet, if applicable. Use the legend at the bottom of the pg. to insert the appropriate codes for each of the property type(s) below.

Address property 1: _____ Property Type Code: _____

Address property 2: _____ Property Type Code: _____

Address property 3: _____ Property Type Code: _____

Description	Property 1	Property 2	Property 3
Rents Received			
Security Deposits Received			
Security Deposits Refunded			
Other Income - Vending/Furniture Rental/etc.			
Accounting			
Advertising			
Auto miles * (Please use auto worksheet)			
Cleaning/Maintenance			
Commissions - Management Fees			
Insurance			
Legal/Professional Fees			
Mortgage Interest Paid to Banks			
- Other Interest			
- Other Interest			
Repairs** - Building/Roof			
- Plumbing			
- Electrical			
- Painting/Wallpaper			
- Flooring/Rugs			
- Appliances			
- Heating/Air Conditioning			
- Other			
Supplies			
Taxes			
Utilities - Electric			
- Water/Trash			
- Telephone			
- Other			
Travel Related To Rental Property			
Other Expenses (List) -			
- Pest Control			
- Condo Fees			
Appliances/Furniture/Major Purchases or Repairs***			

***(See new Repair & Capitalization Rules)

Property Type Codes: 1 Single-Family Residence 3 Vacation/Short-term Rental 5 Land 7 Self-Rental
 2 Multi-Family Residence 4 Commercial 6 Royalties

Please answer the following questions about the properties above.

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1.) Did you or any family member use for personal purposes any of the above property for more than 14 days or 10% of total days rented?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total # of Days <u>Available</u> for Rent	_____	_____	_____
Total # of Days <u>Used Personally</u>	_____	_____	_____
2.) For each property listed did you:			
a. Actively participate in the operation of the activity during the year?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Spend <u>more than 500 hours</u> participating in the activity during the year?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Are you the <u>ONLY</u> one who substantially provided services or managed the property?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Did you spend <u>MORE THAN 100 hours</u> servicing or managing the property and <u>NO ONE ELSE</u> spends more hours?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.) Do you maintain a separate bank account for rental security deposits?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.) Please indicate if the property is for a Single Family or a Multiple Family Residence.	<input type="checkbox"/> S <input type="checkbox"/> M	<input type="checkbox"/> S <input type="checkbox"/> M	<input type="checkbox"/> S <input type="checkbox"/> M
5.) Date Property <u>FIRST AVAILABLE</u> for Rent?	_____	_____	_____
6.) Date Property first <u>ACTUALLY</u> Rented?	_____	_____	_____
7.) Did you make any payments during the year that would require you to file Form(s) 1099?			<input type="checkbox"/> Yes <input type="checkbox"/> No
8.) If "Yes," did you or will you file required Forms 1099? (Please provide copies)			<input type="checkbox"/> Yes <input type="checkbox"/> No

My signature below indicates that I have maintained the proper records and receipts and have evidence to support the deductions claimed.

Taxpayer Signature

Date

Car and Truck Expenses Worksheet

Taxpayer Name: _____

Tax Year: _____

Vehicle Information

Vehicle 1

Vehicle 2

Vehicle 3

Do you have a company car titled in the name of your business?
 ___ YES ___ NO

_____ YES ___ No _____ YES ___ NO

Do you use your personal vehicle for Business or servicing your rental?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Indicate which type of vehicle you are listing expenses for:
 "B" Business "P" Personal

B P B P B P

Make and Model of vehicle

Date placed in service

Purchased New or Used

Type of vehicle – Auto/Truck/SUV

Gross Vehicle Weight (Very Important)

Cargo Area Length (Truck Bed)

Total miles for the year

Business miles for Period: 1/1 - 12/31

Personal miles for Period: 1/1 - 12/31

Is another vehicle available for personal use?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Was the vehicle available for personal use during off-duty hours?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Was the vehicle used primarily by a more than 5% owner or related person?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Is there evidence to support the business use claimed?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

If "Yes", is the evidence written?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Was the vehicle leased?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Expenses

Gasoline, oil, repairs, insurance, etc.

Vehicle registration, license (excluding property taxes)

Vehicle lease or rental fees

Was the vehicle financed?

___ YES ___ NO ___ YES ___ NO ___ YES ___ NO

Interest paid for the year

By signing below, I hereby certify that the above expenses are true and correct, and I have evidence to support these deductions.

 Taxpayer's Signature

 Date

TANGIBLE PERSONAL PROPERTY CURRENT YEAR INFORMATION
 (Complete/submit this form prior to February 10th in order to meet the filing deadline)
 (Complete separate form for each rental property)

Property owner name(s) _____
 Property address _____

Do you have a Tangible Return form from the County? No YES If yes, please sign & provide.

Do you have an Exemption Certificate from the County? No YES If yes, please provide.

Additions: List all individual assets costing \$200.00 or more that were purchased during the year (i.e., furniture, appliances, major improvements to the home, pools, fences, etc.): See note below.

	<u>Description</u>	<u>Purchase Price</u>	<u>Purchase Date</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

Disposals: List all individual assets that were previously reported on a tangible return that were disposed of during the year (i.e., furniture, appliances, etc.):

	<u>Description</u>	<u>Purchase Price</u>	<u>Purchase Date</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

Please supply copies of invoices for any repairs exceeding \$500.00 or any capital improvements to the home in the tax year

A Capital Improvements Example Sheet is included in the last page

FIXED ASSET QUESTIONS

(Buildings, Improvements, Furniture, Fixtures, Equipment, Vehicles, etc.)

Please Provide Detailed Information for any individual item with a cost of \$200**

In order to raise the limit to \$2,500** for the New Year you

**** Must have adopted a Capitalization Policy - please complete the next page**

Sales tax audits continue to be a source of revenue for each State. In general you must pay sales tax on any items you purchase that are not re-sold including office supplies, equipment, online and **out-of-state purchases**. You need to charge sales tax on any items you sell (not labor if separately stated on the invoice), except for those customers for whom you have a valid exemption certificate on file. **Make sure that you file sales tax returns in all states in which you have an office, store, salespeople or other presence.**

- a. Were any fixed assets scrapped and/or stolen during the year? Yes No
- b. Were any fixed assets traded during the year? Yes No
- c. Did you purchase any fixed assets during the year with **personal funds**? Yes No
- d. Were any fixed assets sold during the year and the money not deposited into your business checking account? Yes No
- e. Did you purchase any assets from (out of state locations, internet, etc.) for which you did NOT pay sales tax? (if yes, please provide receipts) Yes No
- f. Did you purchase any assets you have not previously told us about? Yes No
- g. Did you purchase any buildings, other real property or make any building improvements? Yes No
- h. Did you make any repairs or improvements to buildings or structural components during the year in excess of \$200? If yes, provide copies of all receipts. Yes No
- i. Did you make any repairs costing in excess of \$200 to any equipment or other fixed assets during the year (unless you have a policy which allows for a \$500 limit for the current year) If yes, provide copies of all receipts. Yes No

If "YES" to any question above, please provide more details on a separate sheet of paper and provide copies of all sales invoices, purchase receipts, to explain or support the correct reporting of the item.

(Insert your **company name**, if applicable, or **taxpayer name** if none)

It is the adopted policy of this business and/or property owner, for both book and Federal income tax purposes, the following policy regarding capitalization expenses for the year beginning January 1, 2018.

In accordance with Internal Revenue Code Sections 167 and 168 and related Regulations, this business and/or property owner has determined that amounts whose individual cost (including tax, installation and delivery costs) does not exceed \$2,500., will be deducted as incurred as an operating expense.

Amounts exceeding this dollar limit will be examined individually to determine if their use or purpose requires capitalization under the betterment, adaptation or restoration rules used by the Internal Revenue Service and will be capitalized or expensed as incurred as a result of the application of those rules."

Signature of Duly Authorized
Business Owner and/or Property Owner

Printed Name of Authorized
Business Owner and/or Property Owner

CAPITAL IMPROVEMENTS INFORMATION

Improvements

These add to the value of your home, prolong its useful life, or adapt it to new uses. You add the cost of additions and improvements to the basis of your property.

The following chart lists some examples of improvements.

Examples of improvements that increase your basis. Keep original paid receipts for your records.

Additions: Bedroom, Bathroom, Deck, Garage, Porch, Patio

Lawn & Grounds: Landscaping, Driveway, Walkway, Fence, Retaining Wall, Swimming Pool

Exterior: Storm windows/doors, New roof, New siding

Insulation: Attic, Walls, Floors, Pipes and duct work

Systems: Solar, Heating, Central air conditioning, Furnace, Duct work, Central humidifier, Central vacuum, Air/water filtration systems, Water heater, Soft water system, Plumbing, Septic system, Wiring, Security system, Lawn sprinkler system

Plumbing: Septic system, Water heater, Soft water system, Filtration system

Interior: Built-in appliances, Kitchen modernization, Flooring, Wall-to-wall carpeting, Fireplace

Repairs These maintain your home in good condition but do not add to its value or prolong its life. You do not add their cost to the basis of your property.

Example Repainting your house inside or outside, fixing your gutters or floors, repairing leaks and replacing broken window panes are examples of repairs.

Exception Repairs done as part of a larger project

You can include repair-type work if it is done as part of an extensive remodeling or restoration job. For example, replacing broken windowpanes is a repair, but replacing the same window as part of a project replacing all the windows in your home counts as an improvement.