

Tax Deductions for Realtors

Income

Gross receipts from sales and/or services	Copies of checks received, commission reports and or 1099 Misc Forms
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Expenses

Advertising	Business cards, flyers, ads in real estate publications, sponsorships, postage for mailers, social media, open house expense, Online sites
Bad Debt	Money loaned or invested that there is no hope of recapturing
Bank Charges	Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services
Children Paid	Money paid to children for helping with such things as delivering fliers and/or product, stuffing envelopes, cleaning office and/or car, modeling. Must keep a detailed log of tasks and how paid.
Commissions and Fees	Fees paid to real estate office, commissions splits, pay to assistants, etc.
Computer, Internet, and Tech	Software, Online services, Internet expense, computer maintenance
Contract Labor	Services paid to individuals and sub-contractors. You must issue a form 1099 MISC to any individual that is paid over \$600 in a year.
Educational Expense	Seminars, classes, home shows, books, etc.
Equipment Purchased	Any equipment purchased for the ordinary and necessary operation of the business
Event Expense	Exhibits for publicity. Costs include venue expense, displays, food, samples, etc.
Gifts	Gifts to sellers, buyers, other Realtors, office help, lenders, title officers, etc. Limited to \$25 per person per year
Home Office	A separate room in your home to do business and accounting. A percentage of utility bills, home owners or renters insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, etc may be taken. It is determined by square footage of office space vs square footage of the entire house
Insurance	Errors and ommision, liability, warranties, personal property, workers comp, unemployment
Interest	Interest paid on loans for equipment, mortgages, business buildings, business loans, lines of credit, credit cards, etc.
Legal and Professional Services	Lawyers, inspectors, appraisers, accountants, franchise fees, consultants, etc.

Meals	Meals with clients, potential clients, and associates. Note: entertainment is no longer deductible
Mileage	There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction).
Office Expense	Office supplies, computer supplies, Internet, postage, phone apps, beverage services
Office Space Rent	Rent for a separate office outside your home, rental fees for equipment booths for shows, technical equipment, storage of equipment, and records
Officer Wages	The IRS law states that an officer (owner) of a corporation, must be paid a reasonable wage for services rendered to the company. They must be paid with a W-2 just like all employees.
Purchases	Any equipment, office furniture, computers, vehicles that cost over \$500
Returns and Allowances	Money refunded for returned products or services, discounts given and rebates on sales
Supplies	Signs, flyer boxes, key boxes, meeting supplies and refreshments
Taxes and Licenses	Realtor licenses, testing for license, property tax on equipment, payroll taxes, Realtor dues and fees
Telephone	Cell phone, extra phone lines into home for business, fax, office land line
Travel	Hotels, airfare, cab fare (ex. Uber or Lyft), public transit, parking, cleaning while away from home, business trip log, bus, train, etc.
Vehicle	There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction).
Wages	Salaries, wages, bonuses, and commissions paid to employees. An Employee is an individual who an employer controls where, when, and how the work is done, hours worked and use of equipment.
Website Expense	Internet hosting and services, website design, and maintenance