



The Ultimate Year-End Tax Prep Checklist for Rental Owners

Your Command Center for a Simpler, More Profitable Tax Season

Welcome Investor,

As your partner in success, we are committed to helping you maximize your investment's performance at every level. This checklist is designed to move you from tax-time stress to strategic confidence.

By gathering these documents and asking the right questions, you can ensure a smooth process for your accountant, uncover every possible deduction, and gain a clearer financial picture of your portfolio.

Disclaimer: AvenueWest provides this checklist for informational purposes only. We are not tax professionals. Please consult with a qualified Certified Public Accountant (CPA) or tax advisor for personalized financial advice.

Section 1: The Foundation - Get Organized (Do This Now!)

A great tax return starts with great organization. This saves you time and saves you money on your accountant's billable hours.

- **Establish a Digital "Tax Prep [Year]" Folder:** Create one master folder on your computer. Inside, create sub-folders for "Income," "Expenses," "Asset Info," etc.
- **Scan and Save as You Go:** When you receive a digital receipt or statement, save it immediately to the correct folder. For paper receipts, use a scanning app on your phone (like Scannable or Adobe Scan) and file it digitally.
- **Use a Dedicated Bank Account/Credit Card:** If you haven't already, start using a dedicated account for all property income and expenses in the new year. It makes bookkeeping dramatically easier.

Section 2: Income Documentation

Your accountant needs a complete picture of all revenue generated by your property.

- **AvenueWest Annual Owner Statement:**
This is your primary income document. It summarizes all rent collected on your behalf.
- **Form 1099-MISC or 1099-NEC from AvenueWest:** We will provide this form, which reports the gross rental income paid to you.
- **Records of Other Property-Related Income:** Did you collect any other income directly?
 - Laundry machine income
 - Pet fees
 - Late fees
 - Other miscellaneous income

Section 3: The Big Deductions - Core Expense Documents

This is where you save the most money. Track everything.

- **Mortgage Interest Statement (Form 1098):**
Your lender will provide this. It's one of your largest deductions.
- **Property Tax Statements:** Proof of payment for local and state property taxes.
- **Insurance Premiums:** The annual statement from your landlord insurance provider.
- **AvenueWest Monthly Statements:** These detail the management fees, cleaning fees, and any maintenance costs we handled for you. A huge time-saver!
- **HOA / Condo Fee Statements:** Proof of all dues paid for the year.
- **Utilities Paid Directly by You:** Gather bills for any utilities not covered by tenants or managed by AvenueWest (e.g., trash, water, gas, electric).
- **Invoices & Receipts for Repairs & Maintenance:**
 - Plumbing repairs
 - Electrical work
 - HVAC servicing and repairs
 - Appliance repairs (dishwasher, fridge, etc.)
 - Landscaping / snow removal
 - Pest control
 - General handyman services
 - Paint touch-ups

PRO TIP: Repairs vs. Capital Improvements - Know the Difference!

This is a critical distinction for tax purposes. Your CPA will make the final determination, but organizing your expenses this way is incredibly helpful.

- **Repairs (Deductible Now):** Actions that keep the property in its original working condition. *Examples: Fixing a leaky faucet, replacing a broken windowpane, patching a roof leak.*
- **Improvements (Depreciated Over Time):** Actions that add value to, prolong the life of, or adapt the property to a new use. *Examples: Replacing the entire roof, installing a new HVAC system, remodeling the kitchen.*

Action Item: Create two separate lists/folders: one for "Repairs" and one for "Improvements," and sort your receipts accordingly.

Section 4: The Overlooked Deductions - Don't Leave Money on the Table!

These are the deductions that separate savvy investors from amateurs.

- **Travel Expenses:**
 - **Mileage Log:** Document trips to your property for maintenance, inspections, or management. Note the date, mileage, and purpose. (Use an app like MileIQ or keep a simple spreadsheet).
 - **Receipts for Long-Distance Travel:** If you traveled overnight to manage your property, keep records for flights, car rentals, lodging, and 50% of meal costs.
- **Home Office Deduction (If applicable):** If you use a specific part of your home *exclusively and regularly* to manage your rental business:
 - Square footage of your office and total square footage of your home.
 - Records of home expenses (utilities, insurance, rent/mortgage interest) for your CPA to calculate the deduction.
- **Professional & Legal Fees:**
 - CPA / Tax preparation fees
 - Attorney fees for lease review, evictions, etc.
 - Real estate investment coaching or consulting fees
- **Software, Supplies & Other Costs:**
 - Property management software subscriptions
 - Office supplies (paper, ink, etc.) used for your rental business
 - Bank fees for your dedicated rental account

Section 5: Asset & Depreciation Information

Your CPA will handle the complex calculations, but they need this raw data from you.

- **Closing Documents (HUD-1 / Settlement Statement):** If you purchased or refinanced the property this year.
- **Records of Capital Improvements:** Provide the list you created in Section 3, including:
 - Description of the improvement (e.g., "New Roof Installation").
 - Date the improvement was placed in service.
 - Total cost (invoices and proof of payment).
- **Asset Purchase Records:** Receipts for any new assets purchased for the property this year (e.g., new refrigerator, new furniture, new washer/dryer). Note the cost and date of purchase.

Section 6: Empower Your Strategy - Questions for Your CPA

You're not just a client; you're the CEO of your investment. Use your tax appointment to build your strategy for next year.

- Based on my documents, are there any deductions you see that I might be missing?
- Can you explain how depreciation is impacting my tax liability? Am I maximizing it?
- For the capital improvements I made, what is their depreciation schedule?
- (If applicable) Would a cost segregation study make sense for my property to accelerate depreciation?
- As my portfolio grows, at what point should I consider forming an LLC or S-Corp?
- How should I plan for future large expenses (like a new roof) for the most favorable tax treatment?

You're All Set!

By completing this checklist, you've done more than prepare for tax season—you've taken command of your investment's financial health.

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