

Pulley Tax Service
1040 PREPARER CHECKLIST - 2019 RETURNS
RENTAL REAL ESTATE - GENERAL & ADMINISTRATIVE ISSUES

CLIENT NAME:	<i>Prepared by:</i>
	<i>Date:</i>

		Y	N	N/A	Comments
1	For NEW rentals				
	<ul style="list-style-type: none"> • Use the Rental Setup excel worksheet (p:/Blankforms/Tax Worksheets) 				
2	Issue re: holding each rental in a separate LLC				
	<ul style="list-style-type: none"> • If possible, ascertain if each rental is held in a separate LLC...indicate in comments area. 				
	<ul style="list-style-type: none"> • If can't tell, or not sure, check front of Lead Sheet to have Tammie or Carie print out our template LLC letter to send to client regarding this issue. 				
3	<u>Depreciation Issues-New rules via the 2017 Tax Cuts and Jobs Act!</u>				
	<ul style="list-style-type: none"> • NEW- Section 179 deduction is now available for rentals! Qualified property includes: 				
	<ul style="list-style-type: none"> a. Tangible personal property used in lodging, which is both MACRS property and Code Sec. 1245 property. 				
	<ul style="list-style-type: none"> b. Non-customized ("off-the-shelf") computer software that is Code Sec. 1245 property. 				
	<ul style="list-style-type: none"> c. Also extended Section 179 treatment to roofs on commercial property, HVAC units, security systems and fire protection and alarm systems. 				
	<ul style="list-style-type: none"> • NEW- Qualified leasehold, qualified restaurant and qualified retail improvement property have been grouped under a new category called "Qualified Improvement Property". 				
	<p>Qualified Improvement Property is any improvement to the interior portion of a building which is nonresidential real property, if such improvement is placed in service after the date the building was first placed in service, except for improvements attributable to:</p> <ul style="list-style-type: none"> a. the enlargement of the building, b. any elevator or escalator, c. or the internal structural framework of the building. 				
	<p>CAUTION!! Due to current ambiguity regarding the recovery period, the IRS is treating qualified improvement property as having a 39-year recovery period! Does not qualify for bonus depreciation. Watch for technical corrections! IRC Sec 179 expensing of qualified improvement property is not affected by this technical issue.</p>				
	<ul style="list-style-type: none"> • NEW- The TCJA allows 100% bonus depreciation on new and used qualifying property. Consider this when doing your calculations. 				

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4	Sale of assets and activities...				
	• If a loss, was the sale to a related party?				
	• §1231 gain - any §1231 losses in the past 5 years?				
	• Current yr Installment Sale - consider electing out, discuss and document. - Did you split Land & Building into two separate installment sales?				
	• Consider whether the gain/loss might be "passive".				
	• Was the rental previously used as a residence? If so, attach Sale of Residence checklist.				
	• §1031 exchange - did you use our Excel worksheet to calculate any recognized gain & basis in new asset? NEW for 2018: Now only for real property.				
5	Refinancing activities				
	• Get all closing docs				
	• Obtain info on how proceeds were used.				
	• If needed, prepare Excel spreadsheet showing interest tracing allocations.				
6	Property taxes been paid by the lessee? Amount s/b included in rent income and deducted by taxpayer. GOAL: Want to see "property taxes" on Sch E.				
7	Out-of-state rentals				
	• Are there any out-of-state rentals?				
	• If YES, pull the filing requirements for that state and discuss with MAG.				
8	Have you filled out a FLOWCHART for each rental activity?				