

2018 RENTAL QUESTIONNAIRE

CLIENT NAME _____

Prop #	H W J	S M V L C	Description of Property and Location	Name on Deed	Name on Mortgage
1					
2					
3					
4					

H= Husband W= Wife J=Joint /// S= Single Family M= Multi Family V= Vacation L= Land C= Commercial

	1	2	3	4
# of Days property available for rent at FMV				
Do you use a management company for this property?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Do you manage this property?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Were payments made that required filing forms 1099?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
If Yes, were all required forms 1099 filed or will they be filed?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Did you or any family member use the property for personal purposes for more than the greater of 14 days or 10% of the total days rented?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Personal Use Percentage	___%	___%	___%	___%
Is this property a Vacation Rental?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Vacation Property Total Days Rented				
Vacation Property Personal Use Days				
Is the Average Rental Period Less Than 7 Days?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO

QUALIFIED BUSINESS INCOME DEDUCTION: *Your rental may qualify for the Qualified Business Income Deduction (QBID). Please review the Biz Fact on Rental Real Estate Safe Harbor and then answer the questions below.*

This property is leased under a Triple-Net Lease?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Are separate books and records kept to reflect the income and expenses?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
Are more than 250 hours of rental services performed on this property? (NOT triple net lease)	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
If no, do you wish to aggregate this property to reach the 250 hours of service requirement?	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO
I have documented evidence of hours of service	__ YES __ NO	__ YES __ NO	__ YES __ NO	__ YES __ NO

I understand that the information provided in this schedule is true and accurate and is provided to Business By Design for the purposes determining whether the real estate enterprise will be treated as a trade or business solely for purposes of section 199A of the Internal Revenue Code (those rental profits that will qualify for the Qualified Business Income Deduction- QBID)

Taxpayer Signature

Date

Section 199A Trade or Business Safe Harbor: Rental Real Estate

The *Tax Cuts and Jobs Act* added a new deduction equal to 20 percent of qualified income (QBI) from a trade or business operated directly by a taxpayer or through a pass-through entity. It is unclear under IRS regulations when a rental activity rises to the level of a trade or business, allowing the rental income to be eligible for the 20 percent deduction or the rental loss to reduce the deduction. The IRS issued Notice 2019-07 on January 18, 2019, providing a limited safe harbor to establish that a rental activity rises to the level of a trade of business.

Real Estate Enterprise

Solely for purposes of this safe harbor, a rental real estate enterprise is defined as an interest in real property held for the production of rents and may consist of an interest in multiple properties. The individual or RPE relying on this revenue procedure must hold the interest directly or through an entity disregarded as an entity separate from its owner. Taxpayers must either treat each property as a separate enterprise or treat all similar properties held for the production of rents as a single enterprise. Commercial and residential real estate may not be part of the same enterprise. Taxpayers may not vary this treatment from year-to-year unless there has been a significant change in facts and circumstances.

Safe Harbor Requirements

To qualify as a trade or business and be eligible for the 20 percent qualified business income deduction (QBID) under the safe harbor the rental real estate enterprise must meet the following requirements.

- Separate books and records must be maintained for each rental real estate enterprise.
- 250 or more hours of “rental services” must be performed by or for the real estate enterprise each year. The 250 hours of rental services can be performed by owners, employees, agents, or independent contractors.

Rental services include:

Advertising for rent or lease
Negotiating and executing leases
Verifying tenant applications
Collection of rent
Daily operation, maintenance, and repair of property
Management of the real estate
Purchase of materials
Supervision of employees and independent contractors.

Rental services do not include:

Financial or investment management services
Arranging financing
Procuring property
Reviewing financial statements or operating reports
Planning, managing, or constructing improvements
Time spent traveling to and from real estate

- The taxpayer will have to maintain logs to document hours of services, description of services, dates of services, and who performed the services.

Excluded Rental Real Estate Arrangements

Two real estate categories do not qualify for 199A treatment under the safe harbor:

- Real estate used as residence for any part of the year under IRC Sec 280A, including vacation homes and second residences
- Triple net lease real estate, where the tenant is required to pay all of the taxes, fees, insurance, utilities, and maintenance associated with the building or the portion of the building subject to such an arrangement.