

2011



*For Real Estate Professionals
Real Estate Agents & Mortgage Professionals*

Real Estate professionals, real estate agents, mortgage professionals & real estate brokers whether you are 1099 self-employed or are running your own company, it is important to prioritize end of the year tax planning. You can keep more money in your pocket by taking advantage of the tax benefits available and tapping into new tax saving opportunities before Dec 31, 2011.

Take action now to save on taxes!

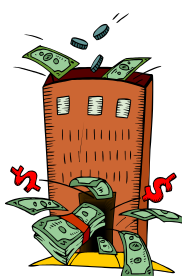
Congress has been generally frozen on the tax front in 2011. One of the good steps taken by Congress in 2011 is the repeal of the onerous expansion of 1099 reporting rules. One of the earlier legislation, the Small Business Jobs Act of 2010 included many tax incentives that benefit real estate professionals, real estate agents, mortgage professionals and real estate brokers in 2011. Real estate professionals, real estate agents, mortgage professionals and real estate brokers can take advantage of tax incentives such as 100 percent bonus depreciation, an employee payroll tax holiday, enhanced expensing and other relief for small businesses.

1. Accelerate or Defer Income



Income timing is a time-honored year end plan. In future, tax rates are expected to increase from current historical low rates. If you are in the top tax bracket, it might be better to accelerate income. However, those in the lower tax brackets should follow the traditional tip of deferring income. Income timing is not easy, and you should be sure to consider its impact on various deductions and any tax credits.

2. Accelerate Expenses



Accelerate expenses to reduce your business's taxable income. Purchase goods and services needed by the business. Pay early bills like cell services, subscriptions, rent, insurance, utilities, and office supplies. You can also stock up on any office supplies, like as printer paper and ink cartridges. The acceleration or deferral strategy depends on the projected profit and losses for your business and the legal structure (LLC, Partnership, S Corp, C Corp, etc). Check with your tax professional to make sure that you get the best benefit out of this strategy.

3. Equipment Expensing and 50% Depreciation



Thanks to the Small Business Jobs Act of 2010, you can deduct up to \$500,000 of equipment purchased in 2011. In addition to first year expensing, write off half the cost of new equipment on top of the regular depreciation allowance. This tax break applies only to equipment purchased in 2011.

4. \$8000 Bonus Depreciation on Vehicles



Purchase a new car, light truck, or van in 2011 and if it is used more than 50 percent for business, take an additional \$8000 bonus depreciation deduction.

5. Tax Credit



Take advantage of tax credits available for hiring new employees. For every qualified employee, business owners are exempted from 6.2% Social Security tax, and an additional tax credit of \$1000 is available.

6. Health Insurance Credit



Take advantage of the small business health insurance credit, which provides a credit worth up to 35% of a small business premium costs in 2011. The credit phases out gradually for businesses with average wages between \$25,000 and \$50,000 for firms with the equivalent of between 10 and 25 full time employees.

7. Contribute to Retirement Plan



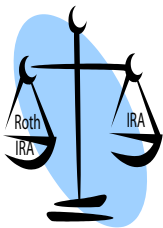
Some retirement plan contributions can be made until the day taxes are due, while other require the plan to be set up before the end of the year. Do contribute to your retirement plan, or set one up before the end of the year. Check the contribution limits and deadlines for different types of plans – 401ks, IRAs, Simple, SEP, Roth IRA and Keogh.

8. Carry Back Credits for 5 Years



The Small Business Jobs Act of 2010 allows a five-year carry back of any unused 2011 eligible small business tax credits. These credits may be used to offset Alternative Minimum Tax (AMT) in the prior year. Previously this tax credit was only allowed to be carried back to offset tax paid in the previous year.

9. Convert to Roth IRA



Roth IRAs are unique in that withdrawals from Roth IRAs are not taxed. In 2011, there is a difference from 2010 conversions as you cannot spread out the tax payments due to conversion to Roth IRA. If the taxes will rise in the future for you, it might be worth to pay some taxes now. However for others it may make sense to pay taxes in smaller amounts later.

10. Qualifying dividend tax rate



If you have a C corporation, pay yourself a qualifying dividend so you can take advantage of the lower dividend tax rate that might end soon. Do not forget to take advantage of the lower C corporation tax bracket on the first \$75,000 of income each year. In some cases, payments from a C Corporation to an owner before the end of the year can be assigned to dividend or a loan.

Bonus Tips

For saving money on taxes



1. Startup Business Cost Deductions



Was the real estate business started in 2011? If so, deduct up to \$10,000 of expenses paid before opening of business by taking advantage of increased deduction of startup costs.

2. Losses

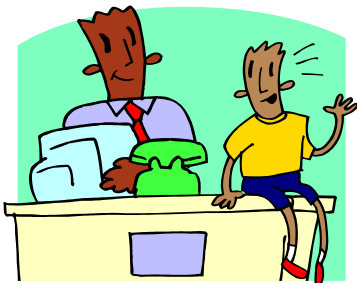


If your business experienced a loss due to slow economy in 2011, use the loss to your benefit. Do not forget to take these losses:

- Losses on sale of business assets
- Casualty and theft losses including natural disaster losses.
- Uncollectible debts
- Capital losses

Bonus Tips For 1099 Self-Employed

1. Hire your children



Consider hiring your children to work for your business part-time. Deduct their compensation and it is likely you will be moving the income from high tax

bracket to lower tax bracket. In addition, unincorporated businesses do not pay FICA tax on wages paid to children under 18.

2. Claim your Home Office deduction



This is one of the best deductions for self-employed as it enables conversion of non-deductible personal expense

into a Tax-deductible business expense.

3. Claim your travel and entertainment expenses



Deduct 50 percent of your travel and entertainment expenses incurred when travelling locally, overnight,

or long-distance for your real estate business.

4. Claim your automobile expenses



Automobile expenses paid exclusively for your real estate business can be fully deductible.

You can select either the actual expenses method instead of standard mileage if the automobile incurred lot of expenses in 2011.

Remember to take action before December 31, 2011

Everyone's tax situation is different, and this information should not substitute professional advice. Real Estate professionals, real estate agents, mortgage professionals & real estate brokers should always consult with their tax advisors to consider specific factors that might affect their situation.

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