TAX PREPARATION FAQ

This guide is for general informational purposes only and is not tax or legal advice. Owners should consult a licensed tax professional regarding their specific situation.

Will I receive a 1099 from AMRE?

Yes.
If your rental property generated income during the tax year, you will receive IRS Form 1099-MISC or 1099-NEC reporting gross rental income paid to you.
AMRE is required to issue a 1099 when:

- Rental income is collected on your behalf, and
- Payments to you exceed $600 for the year

What amount is reported on the 1099?

The 1099 reports gross rental income collected, before expenses such as:

- Property management fees
- Repairs or maintenance
- Utilities
- HOA payments
- Insurance
- Vendor payments

This is normal and expected.

Why doesn't my 1099 reflect my "net" income?

The IRS requires reporting gross receipts, not net profit.
Your deductible expenses are claimed separately on your tax return.

When will I receive my 1099?

By January 31 each year, per IRS requirements.
It will be delivered electronically or by mail based on your owner profile.

What if my information has changed?

Owners are responsible for keeping these up to date:

- Legal name
- Mailing address
- Tax classification
- SSN or EIN

Errors can delay filing or cause IRS notices.

What are Common Deductible Rental Expenses in Florida?

Always confirm deductions with your CPA.

Operating Expenses

These are typically deductible in the year incurred:

- Property management fees
- Leasing fees
- Advertising & marketing
- Maintenance & repairs
- Landscaping & pest control
- Cleaning services
- Utilities paid by owner
- HOA dues
- Accounting & legal fees
- Mileage related to property management
- Bank fees related to rental activity

Insurance

- Landlord insurance premiums

- Umbrella policies (portion allocable to rental activity)

Taxes

- Florida property taxes
- Local assessments (non-improvement related)
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⚠️ **Note:** Florida has no state income tax, but federal reporting still applies.

What is the difference between a repairs vs. an improvement?

Repairs (Usually Deductible Immediately)

- Fixing leaks
- Replacing broken fixtures
- Painting between tenants
- Minor plumbing or electrical repairs

Improvements (Usually Capitalized & Depreciated)

- Roof replacement
- HVAC replacement
- Major renovations
- Room additions
- Structural upgrades

Your CPA will determine whether an expense must be depreciated over time.

What are the Depreciation Basics?

- Residential rental property is generally depreciated over 27.5 years
- Land value is not depreciable
- Depreciation can significantly reduce taxable income
- Depreciation may affect capital gains when selling

This is an area where professional tax guidance is strongly recommended.

What are Record-Keeping Best Practices?

What to Keep

Maintain records for at least 7 years, including:

- Monthly owner statements
- Annual income summaries
- Repair invoices
- Vendor receipts
- Insurance policies
- HOA statements
- Closing statements (HUD-1 / ALTA)
- Loan interest statements

Recommended Organization

- Separate bank account for rental income
- Digital folders by property → year → category
- Save PDFs of all statements and invoices
- Track mileage with a log or app
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AMRE provides monthly and annual statements to support your records.

Do I need to file if I lost money?

Yes. Rental losses still must be reported and may be deductible depending on your situation.

Can I deduct travel to Florida if I live out of state?

Often yes, if travel is primarily for rental management—but rules are specific. Ask your CPA.

Do I pay Florida income tax on rental income?

No—Florida has **no state income tax**, but federal taxes still apply.

Does AMRE file my taxes?

No. AMRE provides documentation only. Filing is the owner's responsibility.

Any Other Tips?

- Share all AMRE statements with your CPA
- Notify your CPA of:
  - New purchases or sales
  - Short-term vs long-term rentals
  - Owner-paid utilities
  - Personal use of the property (if any)
- Review depreciation schedules annually
- Ask about passive activity loss rules

Where can I learn more?

Official Resources

- Internal Revenue Service – Rental income & expense guidance
- Florida Department of Revenue – Property tax information
