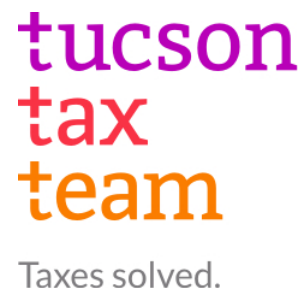


## Schedule E Addendum

*Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this letter is to ensure we share an understanding of the services we provide.*



**Our Responsibilities:** Tucson Tax Team will prepare your rental income tax return. We do not prepare and are not responsible for preparation of other business taxes such as state use tax, payroll tax, etc.

**Your Responsibilities:** We recommend that you keep records for all deductions for a minimum of 7 years. Receipts for depreciable assets or improvements should be kept for 10 years after the asset has been disposed of. Excessive or inappropriate expenses may be disallowed.

**Income:** The IRS requires you to report all income received in renting your property. This includes advance rent, payment for cancellation of lease and cash rents in addition to “non-income” sources such as bartering and canceled debt. Security deposits are not included in income if they will be returned to the tenant, but any security deposit not returned is included in income that year.

**Expenses:** All deductible expenses should be ordinary and necessary. Mortgage interest paid on debt used to purchase or improve the property may be deducted; interest paid on debt used for other purposes is not deductible. You may take a mileage deduction for collecting rent, making repairs, or inspecting the property if you keep a log showing date, destination and purpose.

**Depreciation:** The purchase price of the rental or large improvements is not deductible in the year of purchase; instead, it is depreciated over a period of time. The depreciation that you deduct each year reduces your cost basis; this means that when you sell the property, your taxable income increases.

**Title:** How you hold title to your property may impact taxation upon the death of an owner.

**Sale of Property:** When you sell your rental property, you may have a gain or a loss on your personal tax return. If you convert your residence to a rental, it is considered a principal residence until you have not lived in it 3 of the last 5 years. After those three years, it is no longer eligible for the principal residence exclusion; complex tax rules determine gain or loss on the sale of such property.

**QBID:** The Qualified Business Income Deduction is for most rental properties under our current understanding of the tax law. If you take a deduction and it is later disallowed, Tucson Tax Team is not responsible for any taxes, penalties, or interest levied as a result of this disallowance.

Yes      No

Did you pay any individual more than \$600 in cash/check?

If yes, did you file 1099's?

**Signing below acknowledges receipt of this information:**

Signature

Date

Tucson Tax Team LLC + 6111 East Grant Road + Tucson, AZ 85712 + (520) 777-7844

## Corporate Transparency Act

Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this disclosure is to convey information about the Corporate Transparency Act and your responsibilities.

Effective January 1, 2024, virtually every legal entity incorporated, organized, or registered to do business in a state must disclose information relating to its owners, officers, and controlling persons with the Financial Crimes Enforcement Network (FinCEN) pursuant to the newly enacted Corporate Transparency Act. What this means is that if you have an LLC, partnership, S-Corporation, or any other type of entity that is registered with any Secretary of State, you are required to follow these regulations.

### Reporting Due Dates

For reporting companies already in existence prior to January 1, 2024, the initial report is due one year after the CTA is effective (i.e., by January 1, 2025). For reporting companies created or registered on or after January 1, 2024, the initial report is due 90 calendar days after the entity is created or registered. Starting in 2025 you only have 30 days to file a form.

**Following the initial report, if there are any corrections or changes of ownership, a new report must be filed within 30 days of the correction or change.** Otherwise, there is no ongoing filing requirement. Some changes that would require a new filing include a change of address, change in senior management, or when an owner has died and the business interests pass on to new beneficiaries.

### Reporting companies must submit the following information to FinCEN:

1. Identifying information on the reporting company
  - a. Legal name, trade name and "DBA"
  - b. Address for principal place of business
  - c. Jurisdiction in which it was formed or first registered
  - d. Tax ID number.
2. Identifying information on the beneficial owners and company applicants
  - a. Legal name
  - b. Date of birth

- c. Current Address
- d. ID number (passport, driver's license, etc.)
- e. **Image of document with ID**

### 3. FinCEN Identifier

- a. Unique identification number, useful for repeat filers

The information reported to FinCEN through these reports can only be disclosed by FinCEN to a government agency, law enforcement, or financial institutions for compliance with anti-money laundering or other diligence obligations. Freedom of Information Act (FOIA) requests do not cover the CTA reports, which means the reports will not be available to the public.

### Penalties for Non-Compliance

Failing to report the information required by the CTA can result in stiff penalties. These penalties include civil penalties of up to \$500 per day as the violation continues, and they also include criminal penalties in the form of fines up to \$10,000, imprisonment of up to two years, or both.

For more information, please follow this link: [www.fincen.gov/boi](http://www.fincen.gov/boi).

I have read the Corporate Transparency Act requirements. I have decided to:

- \_\_\_\_\_ File the Beneficial Owner Information report on my own
- \_\_\_\_\_ Have Tucson Tax Team prepare the Beneficial Owner Information report. I understand that this process will not start until May 1<sup>st</sup> and there is a \$150 filing fee.
- \_\_\_\_\_ I am unsure how I plan to proceed at this time, but have been informed of my options.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Date