# Reporting Rental Income

This playbook outlines the steps for landlords to accurately report their rental income and expenses on their tax returns. It helps ensure legal compliance and appropriate financial documentation.

### Step 1: Gather Documents

Collect all records of income received from tenants, including rent payments, late fees, and service charges, as well as all receipts for expenses related to the rental property throughout the tax year.

### Step 2: Summarize Income

Compile all income records to calculate the total gross rental income. This includes adding up all rental payments and any other income associated with the rental property.

### Step 3: List Expenses

Itemize each expense related to the rental property. Common expenses include mortgage interest, property tax, operating expenses, depreciation, repairs, and maintenance.

### Step 4: Fill Out Forms

Using the IRS Schedule E (Form 1040 or 1040-SR), report the total rental income, expenses, and depreciation for each property.

### Step 5: Calculate Net Income

Subtract the total expenses from the total rental income to determine the net rental income or loss. Report this amount on your tax return.

### Step 6: Submit Tax Return

Include Schedule E with your Form 1040 or 1040-SR and file your tax return by the due date, taking into account any extensions.

## General Notes

### Keep Records

Maintain detailed and organized records of all rental income and expenses for at least three years in case of an audit by the IRS.

### Know Deductions

Be aware of all the deductible expenses as a landlord, such as travel costs to manage the property and legal fees.

### Consult a Professional

Consider hiring a tax professional or accountant who is familiar with real estate taxation to ensure compliance and optimize deductions.