

## Rental Property QBI Deduction/Safe Harbor

Under the recently proposed IRS regulations, only income from a qualified trade or business is eligible for the QBI deduction. A trade or business is an activity carried on regularly and continuously for the purpose of making a profit. Sporadic or hobby activities do not qualify.

The taxpayer states that this rental activity is a trade or business and/or they have participated in at least 250 hours of rental services that are documented.

Taxpayers must also maintain contemporaneous records (*including time reports, logs, or similar documents*) to establish:

- Hours spent on rental services for the enterprise, and
- Descriptions of all rental services performed, including the dates and who performed the services

For purposes of meeting the hours-of-service test, rental services include:

- ★ Advertising to rent or lease real estate
- ★ Negotiating and executing leases
- ★ Verifying information contained in prospective tenant applications
- ★ Collecting rents
- ★ Managing daily operations
- ★ Performing routine maintenance and repair on property
- ★ Purchasing materials
- ★ Supervising employees and independent contractors

Under penalties of perjury, I (we) declare that I (we) have examined the statement, and, to the best of my (our) knowledge and belief, the statement contains all the relevant facts relating to the revenue procedure, and such facts are true, correct, and complete.

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Taxpayer Signature

Date

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Spouse Signature

Date