



# The Deductions You're Missing

Last minute tax strategies for real  
estate pros

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# Who is this guy?



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## Partners



# Today we'll cover

- How REALTORS® are taxed
- What can REALTORS® deduct from their taxes?
- How to get the most from your vehicle write-off
- Common tax deductions
- What the IRS expects for documentation
- 2026 Updates
- How to leverage technology to help you save on taxes

# This is general information

This is not tax or financial advice. Each individual situation varies. Consult a professional about your own unique individual situation

# Why do REALTORS® overpay their taxes?



## Underreported tax deductions

Missing key tax deductions leads to reporting a higher net income than necessary to the IRS



## Manual tracking and reporting takes too much time

Tracking is painful. Shoeboxes of receipts, paper mileage logs, where did I save that excel file again?



## Confusing Tax Code

The tax code is long, vague, and constantly changing. It's a full time job just to keep up. FOBA(Fear of being audited) is real.

# Top issues we see



Leaving money on the table & increasing audit risk

Following poor advice

Not tracking enough

Missing proof/receipts

Mixing business and personal without a way to separate

Trying to rebuild everything in the spring

# TikTok is an awful CPA



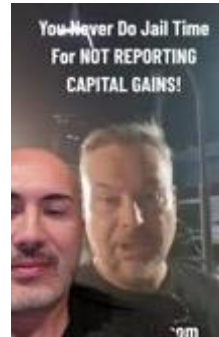
here are the top 5 write...  
karltondennis 1.9M



Here are some quic...  
socialcap 1.2M



How Billionaires AVOID...  
marktilbury 4.8M



# Reddit? Not much better

 [Redacted] · 22d


If you work from home at all, you can write off 100% of your rent as a home office deduction. I've been doing it for years.

... ↩ 👤 ⬆ -9 ⬇

 [Redacted] · 221d

Any meal can be a business meal if you do work while eating. I write off all my food.


... ↩ 👤 ⬆ -72 ⬇

 [Redacted] · 1mo ago


They're talking about actual vehicle expenses here, other expenses IE a portion of your cell phone bill has nothing to do with your vehicle and is allowed.

Writing off a home office and internet however is 100% not allowed for DoorDash income lol

⬆ 9 ⬇ Reply Award Share ...

 [Redacted] · 1mo ago

It is allowed as long as you have a spare room that you figure you taxes out in. You can go to a different state on vacation and do 1 delivery, and write off the whole vacation basically. I've done it every year and it's allowed

 [Redacted] · 2mo ago

You can file a revocation of election. And eliminate all 1099 taxes as long as you file the ROE by April it becomes permanent for future

⬆ 1 ⬇ Reply Award Share ...

# X/Twitter? Facebook?

# X/Twitter? Facebook?

**Let's not go there.....**

# So how do we solve these problems?



## Underreported tax deductions

Missing key tax deductions leads to reporting a higher net income than necessary to the IRS



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# Let's break it down

# Two important documents

## 1099 Form

- Reports your real estate income
- Issued by brokers and other payers
- Shows gross income only



1099

## Schedule C (Form 1040)

- Reports your business expenses
- Calculates net profit or loss
- Determines how much tax you owe



Schedule C



# Tax deductions vs. tax credits

## Tax Deduction

Reduces the earnings you're taxed on

### Without Deductions

\$100,000 gross income  
Self-employment tax (15.3%)  
**\$15,300** in tax

### With \$10,000 in deductions

- \$100,000 gross income  
- \$10,000 tax deduction  
= \$90,000 taxable income  
Self-employment tax (15.3%)  
**\$13,770** in tax

Tax Savings

**\$1,530**

## Tax Credit

Reduces the tax that you owe

### No Tax Credits

\$100,000 gross income  
Self-employment tax (15.3%)  
**\$15,300** in tax

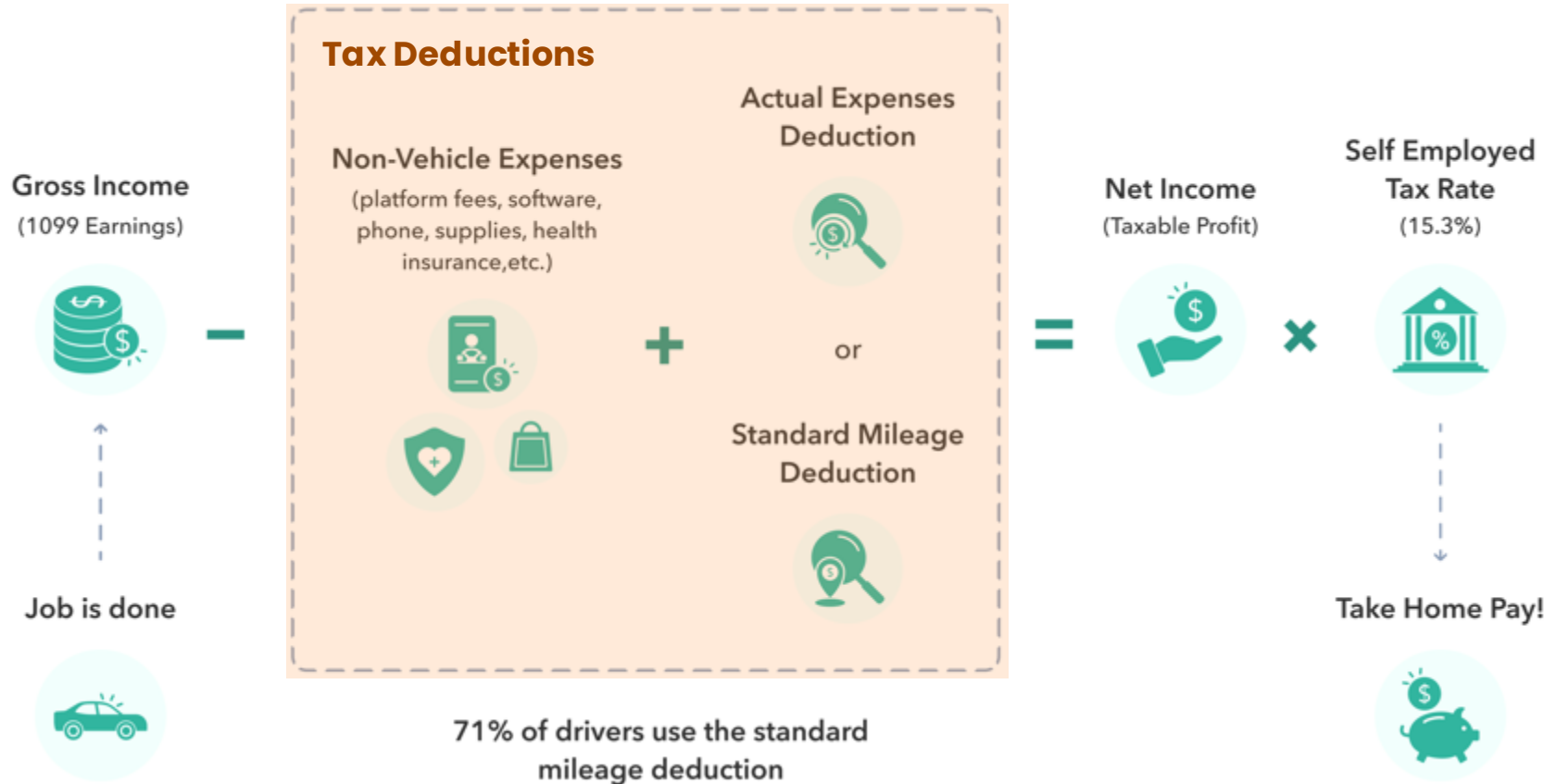
### With \$10,000 tax credit

\$100,000 gross income  
Self-employment tax (15.3%)  
-\$10,000 tax credit  
**\$5,300** in tax due

Tax Savings

**\$10,000**

# Take home pay as an independent



# So what can you deduct?

## IRS Definition

To be deductible, a business expense must be both ordinary and necessary.







### Ordinary

- ✓ Common and accepted in real estate

### Necessary

- ✓ Reasonable, helpful, and appropriate for your work
- ✓ Directly related to your business

# Common deductions

Deduction	Description	Example
 Mileage	Business miles driven	Trips to clients, deliveries
 Home office	Portion of rent, utilities, internet	Dedicated workspace
 Supplies & Equipment	Office supplies, software, laptops	New MacBook for design work
 Insurance	Health or liability insurance	Freelancer health premiums
 Travel & Meals	Business-related travel, client meals	Hotel stay for a conference
 Phone & Internet	Business use portion	Work calls, Zoom, online tools

# Your vehicle expenses

## IRS Note

If you use your own vehicle for both business and personal purposes, you can deduct only the portion used for business.

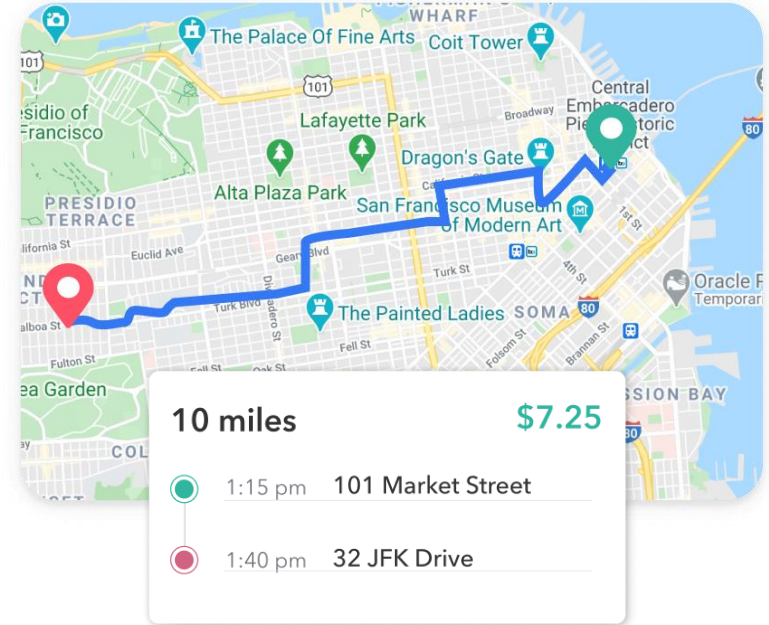
## Every mile driven is worth at least 72.5 cents this year

- ✓ Expenses related to your vehicle can be deducted from your taxes
- ✓ Deducting requires detailed tracking
- ✓ The IRS provides two methods to be able to track these deductions
- ✓ Often the most underreported and biggest opportunity to save more

# What is business use of your car?

Business use of your car includes any driving done for business purposes, such as

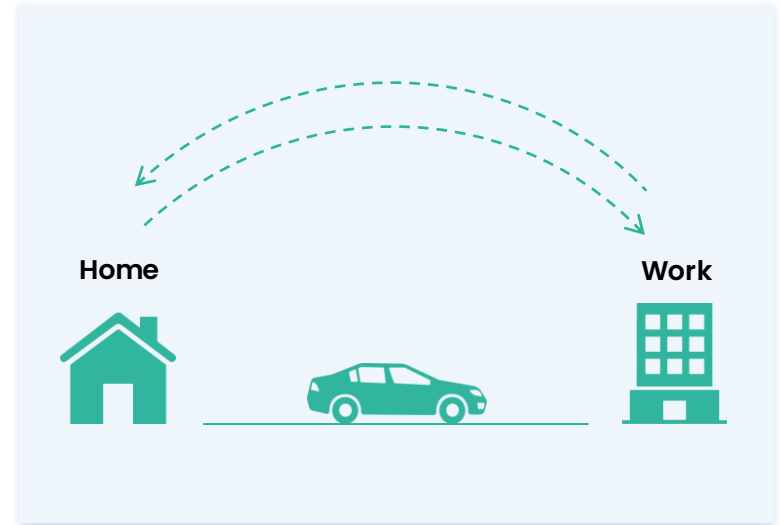
- ✓ Driving to and from property showings
- ✓ Meeting clients or prospects
- ✓ Traveling between work locations
- ✓ Running business errands
- ✓ Attending business meetings or conferences



# What does not qualify?

**Personal trips are not tax deductible, including:**

- ✓ Commuting from home to your primary office
- ✓ Personal errands
- ✓ Family or social trips
- ✓ School drop-offs or pickups
- ✓ Grocery shopping
- ✓ Any trip without a clear business purpose



# The commuting rule

## IRS Note

You can't deduct the costs of taking a bus, trolley, subway, or taxi, or of driving a car between your home and your main or regular place of work. These costs are personal commuting expenses. You can't deduct commuting expenses no matter how far your home is from your regular place of work. You can't deduct commuting expenses even if you work during the commuting trip.

- ✓ Driving from home to your primary work location and back is not deductible
- ✓ This applies even if you take a call on the drive, or carpool and conduct a meeting
- ✓ Business mileage begins after you leave your primary work location

# How do you claim vehicle expenses?

Two methods available to use

## Itemized Actual Expenses

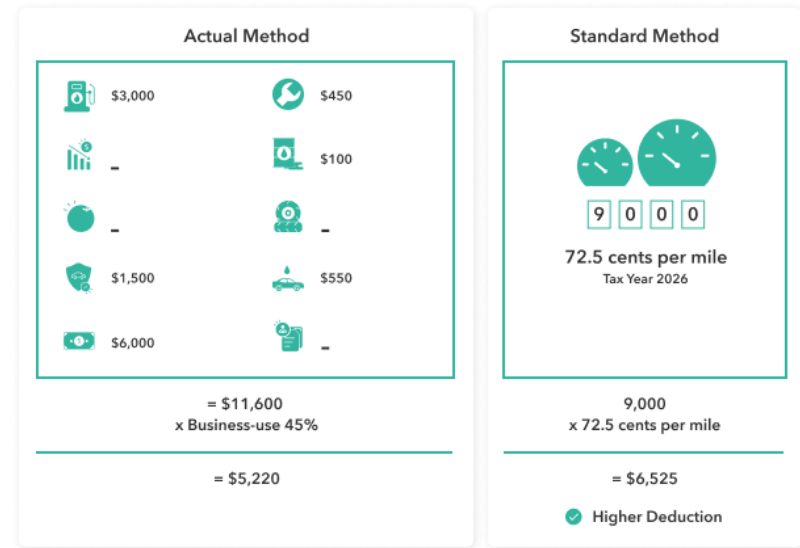
- ✓ Deduct actual vehicle costs
- ✓ Requires receipts and records
- ✓ Business-use percentage only

## Standard Mileage Rate

- ✓ IRS sets a per-mile rate each year
- ✓ Requires a detailed mileage log
- ✓ No expense receipts required

## Vehicle Expenses

(Use Actual or Standard Method)



# Itemizing your actual expenses






What expenses qualify to deduct?

- ✓ Gas & oil
- ✓ Insurance
- ✓ Repairs
- ✓ Maintenance
- ✓ Tires
- ✓ Registration Fees
- ✓ Depreciation
- ✓ Lease payments

## Business Use

You can only deduct the percentage of total annual car expenses that correspond to the percentage of miles driven for business. So if 45% of your mileage was business-related, you can deduct 45% of total vehicle costs.

### Actual Method

 \$3,000	 \$450
 -	 \$100
 -	 -
 \$1,500	 \$550
 \$6,000	 -

= \$11,600  
x Business-use 45%

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= \$5,220

# Section 179 deductions

**Section 179 can be powerful, but it's also one of the fastest ways to create problems if it's misunderstood**

- Allows accelerated depreciation of qualifying business vehicles, based on weight.
- Applies primarily to heavy SUVs, trucks, and vans.
- Vehicle must be used more than 50% for business
- Deduction is based on the business-use percentage
- Claiming Section 179 disqualifies the standard mileage method



# Pros & cons to itemizing

## Pros

- ✓ Provides a more accurate reflection of vehicle-related costs
- ✓ Can be more beneficial for high-value vehicles with low mileage
- ✓ Allows for a more comprehensive tax deduction

## Cons

- ✗ Requires more record-keeping and paperwork
- ✗ May be more complex to calculate and track
- ✗ IRS scrutiny may be higher for actual expenses deductions



# The standard mileage rate

IRS annually sets a rate that represents an average of vehicle costs per mile.

No need to keep gas receipts or repair costs, just a simple

**Business miles x rate = deduction**

$$1,000 \text{ miles} \quad \times \quad 0.725 \quad = \quad \$725 \text{ deduction}$$

Arrows point from the text above to the corresponding parts of the equation: from "Business miles" to "1,000 miles", from "rate" to "0.725", and from "deduction" to "\$725".

## Standard Method



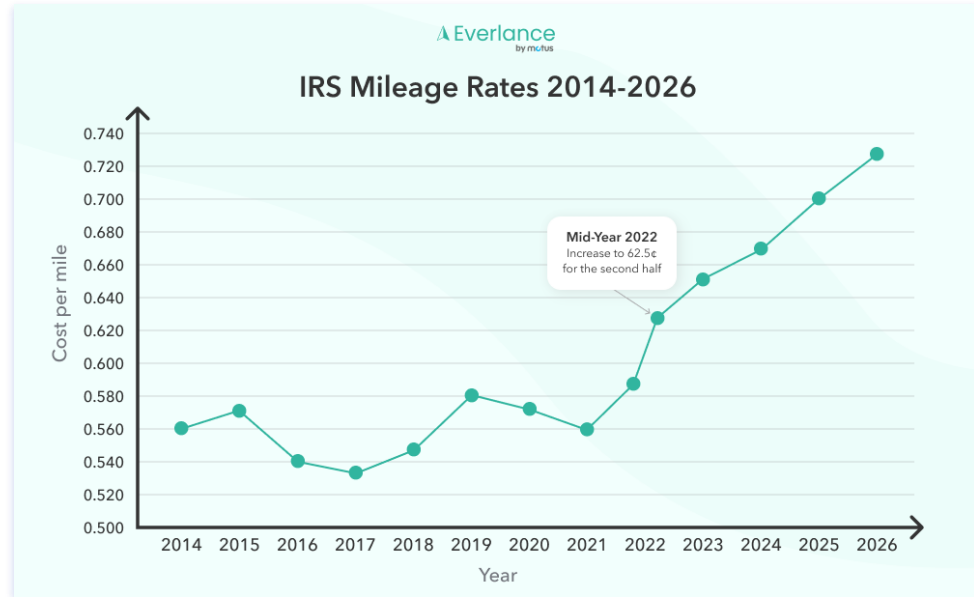
72.5 cents per mile

Tax Year 2026: 72.5 cents per mile

# The rate adjusts to reflect the cost of driving

Adjusted annually the mileage rate has seen a steep increase in the last 5 years

Rarely, the IRS will adjust rates mid-year to account for rapidly changing economic situations, like 2022.



# Standard mileage rate limitations

- ✓ You must not operate five or more cars at the same time.
- ✓ You must not have claimed a depreciation deduction for the car using any method other than straight-line
- ✓ You must not have claimed a Section 179 deduction on the car.
- ✓ You must not have claimed the special depreciation allowance on the car.
- ✓ You must not have claimed actual expenses after 1997 for a car you lease.

# Pros & cons to the standard mileage rate

## Pros

- ✓ Simple and easy to track
- ✓ Less record-keeping and paperwork
- ✓ Can mean a bigger deduction

## Cons

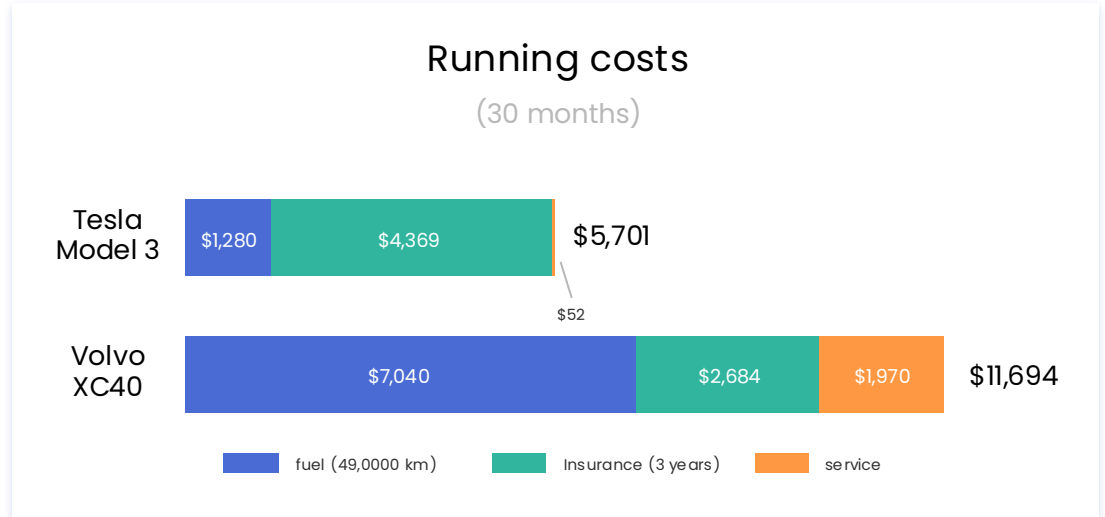
- ✗ May not accurately reflect actual expenses
- ✗ Does not account for other vehicle-related expenses such as maintenance and insurance
- ✗ May not be the best option for high-value vehicles with low mileage



# Electric Vehicles (The secret advantage)

The mileage rate applies equally to electric vehicles.

Despite lower energy and cost to operate, EV drivers enjoy the same exact mileage rate that a standard combustible engine driver enjoys, making it tax advantageous.



# Keeping a mileage log

Regardless of which method you choose, you must keep a mileage log

## Mileage Log Requirements



### Mileage

How many miles was your trip?



### Purpose

Was the trip work related?



### Destination




Where did you drive to?



### Date

When did the trip take place?

# How do people keep mileage logs?

	 Paper logs	 Excel/Google Sheets	 Everlance
Pros	Free, no setup required	Organized and shareable	Automatic tracking, IRS-ready reports, saves time
Cons	Time-consuming, easy to lose, error-prone	Still manual, relies on discipline	Requires app installation

# The home office deduction

Allows eligible self-employed REALTORS® to deduct a portion of home expenses used for business.

To qualify you must use the space:

- ✓ Space must be used regularly and exclusively for business
- ✓ Must be your principal place of business
- ✓ Personal use of the space disqualifies the deduction
- ✓ Documentation is required



# This?



# This?



# Calculating a home office deduction

Similar to vehicle expenses, two ways: Simple vs. actual

## Simple Deduction

\$5 per square foot  
Max 300 square feet, \$1,500 limit

## Actual Expenses

Itemized home business expenses  
“Direct expenses” to the space can be deducted in full  
“Indirect” must be calculated by business use %



### Simple

300 sq ft office  
x  
\$5 / sq ft

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**\$1,500** deduction

### Actual

\$100 utilities  
X 12 months  
+ \$5,454 depreciation  
X 25% business-use

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**\$1,663.50** deduction

# Business supplies & equipment

Ordinary and necessary items used to operate your real estate business. When you think of “write-off” it generally belongs here:

Examples include:

- ✓ Office supplies and consumables
- ✓ Computer, phone, and accessories
- ✓ Software and technology tools
- ✓ Marketing and signage materials
- ✓ Furniture and equipment used for business



## Depreciation

Higher-cost equipment with a useful life longer than one year may need to be depreciated rather than expensed.

# Meals & entertainment

Limited deductions for business-related meals. No deduction for entertainment

- ✓ **Business Meals (50% Deduction):** Meals with current or potential business contacts are generally 50% deductible.
- ✓ **Business travel meals (50% Deduction):** Meals incurred while traveling for work continue to be 50% deductible, assuming they meet standard IRS requirements (ordinary, necessary, not lavish).
- ✓ **Entertainment (0% Deduction):** Expenses related to activities considered entertainment, amusement, or recreation are not deductible.



# Business travel

Expenses incurred when traveling away from home for business purposes.

- ✓ Transportation (airfare, train, rideshare, rental car)
- ✓ Lodging
- ✓ Business travel meals (50% deductible)
- ✓ Baggage fees and tips
- ✓ Business-related internet and phone charges
- ✓ Miles
- ✓ Tips paid



## What is “away from home?”

A taxpayer is traveling away from home if they are away for longer than an ordinary day's work and they need to sleep to meet the demands of their work while away.

# Other common deductions

Anything ordinary & necessary to operate your business

- ✓ Professional services (legal, accounting, tax prep)
- ✓ Licensing fees and MLS dues
- ✓ Paid out rev shares
- ✓ Tolls & parking
- ✓ Continuing education and certifications
- ✓ Marketing and advertising
- ✓ Office expenses not covered elsewhere
- ✓ Business insurance
- ✓ Software



# How to deduct expenses

- 1 Track all business expenses**

Keep receipts, invoices, and mileage logs throughout the year.
- 2 Categorize expenses properly**

Common categories include mileage, office supplies, utilities, marketing, and insurance.
- 3 Know what you can deduct**

The IRS allows deductions for “ordinary and necessary” expenses related to your business.
- 4 File with accuracy**

Use Schedule C to report business income and expenses. Double-check categories to avoid errors.



# 2026 Updates

# What's changing?

The "One Big Beautiful Bill" brought some changes to our tax landscape

- ✓ Qualified Business Income (QBI) Deduction made permanent
- ✓ Standard deductions are going up even higher for you & your buyers (\$16,100 single, \$32,200 married)
- ✓ 100% bonus depreciation remains for qualified property
- ✓ SALT cap increased from \$10,000 to \$40,000



# What's changing?

New deductions in place with the goal of boosting consumer spending

- ✓ New deduction for qualified tips (up to \$25,000)
- ✓ New deduction for overtime income (\$12,500 max)
- ✓ New car loan interest deduction (up to \$10,000)
- ✓ Phases out by income, temporary 2025–2028

Probably more applicable to your buyers than you, **unless...**



# It's time





# Using technology to help you save

# Everlance is an automatic mileage and expense tracking platform



**4,000,000+**

Registered Users

**4.8**

App Store Rating

**40+**

Co-Marketing Partnerships

# Our product suite



## Mileage Tracking

Set it and forget it  
GPS mileage tracking.



## Expense Tracking

Automatic  
expense tracking  
with AI deduction  
finder



## Tax Filing

Built-in 1099 tax  
filing for all states  
and forms at no  
additional cost



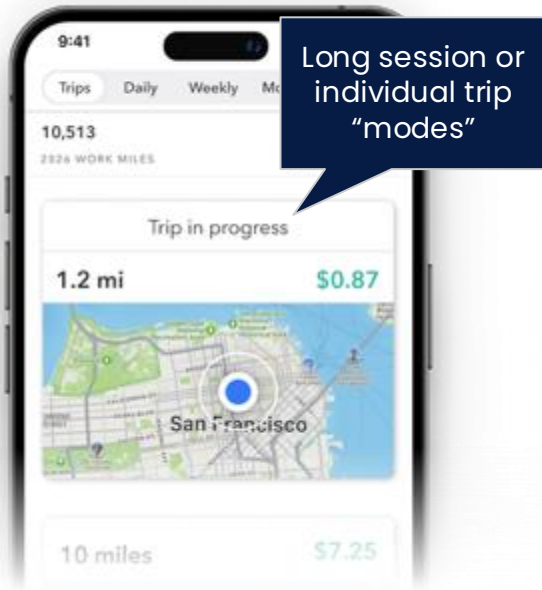
## Audit Protection

\$1M in audit  
defense services  
for any IRS inquiry

# Tracking with Everlance

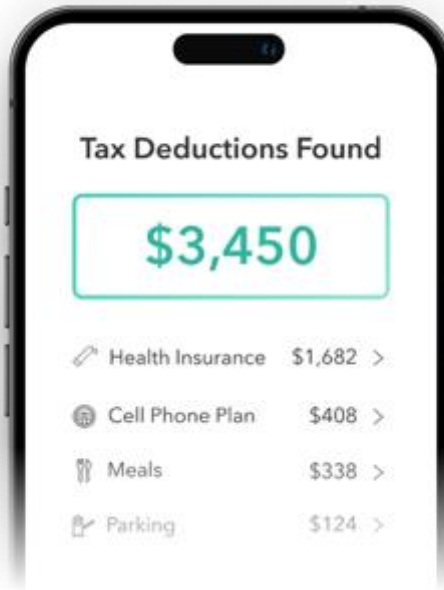
1

Track miles automatically



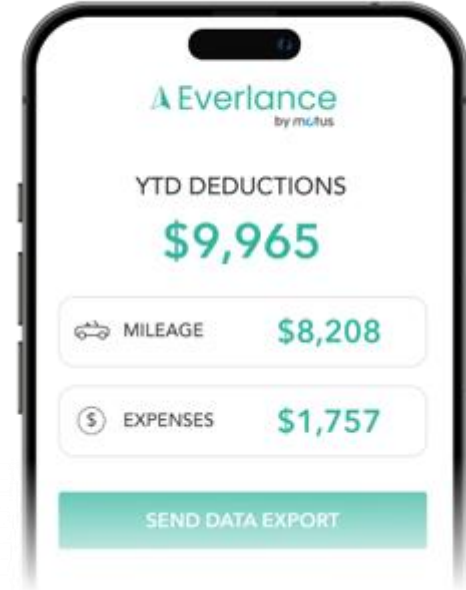
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Surface deductible expenses



3

Export to yourself or send to your accountant

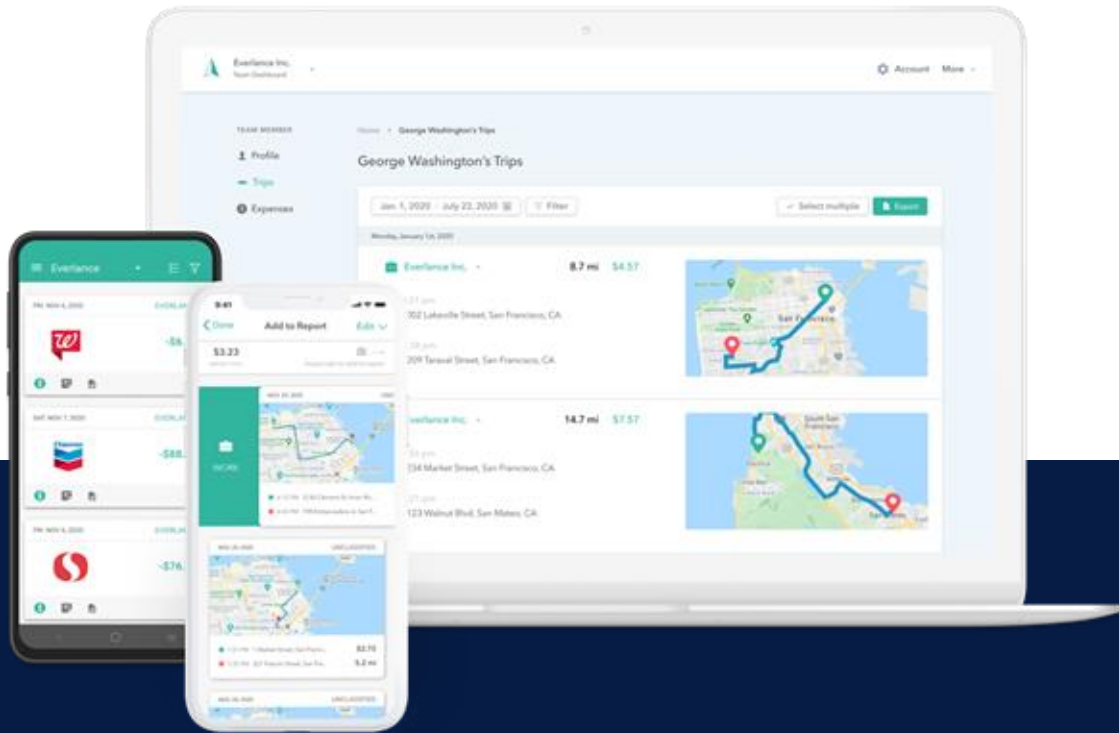


# Everlance + Bridge AOR

Bridge AOR members get a  
7 day free trial + 10% off all  
Everlance plans



<https://link.everlance.com/speMijFNa2b>



# Thank you!

 **Everlance**  
by motus