

# Employment Expense Checklist

## Type of Ownership

Is the owned property owned by a partnership ☐ Yes ☒ No

If you answered yes, please provide the following information:

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

## Rental Income

Have you purchased or sold any rental properties this year? ☐ Yes ☒ No

If yes, please provide all purchase and/or sale documents.

Have you had any personal properties that have become rental property this year? ☐ Yes ☒ No

Have you had any rental properties that have become rental property this year? ☒ Yes ☐ No

## Rental Property Address

### # of Units

### Gross Rents

|  |  |    |  |
|--|--|----|--|
|  |  | \$ |  |
|  |  | \$ |  |
|  |  | \$ |  |

## Rental Expenses

Have you had any personal usage of any of the above named rental properties? ☐ Yes ☐ No

If yes, estimate the personal usage of the rental property: \_\_\_\_\_ %

|                   |    |                   |    |
|-------------------|----|-------------------|----|
| Advertising       | \$ | Office Expenses   | \$ |
| Accounting        | \$ | Other             | \$ |
| Bank Charges      | \$ | Professional Fees | \$ |
| Condo Fees        | \$ | Property Taxes    | \$ |
| Insurance         | \$ | Repairs & Maint.  | \$ |
| Legal             | \$ | Salaries & Wages  | \$ |
| Management Fees   | \$ | Travel            | \$ |
| Mortgage Interest | \$ | Utilities         | \$ |

Did you have the following:

Capital expenditures in the year (i.e. Appliances, Renovations, etc)? ☐ Yes ☐ No

Examples of capital expenditure can be found on the second page.

Was there any automobile use for the rental property this year? ☐ Yes ☐ No

If yes, please fill out our automobile checklist.

# Rental Property Expense Guide

## Ineligible Deduction

### Land Transfer Taxes

You cannot deduct land transfer taxes paid when you bought your property. These tax amounts can be added to the cost of the property.

### Mortgage Principle

You cannot deduct the repayments of principal on your mortgage or loan on your rental property. See line 8710 - interest for information about the interest part of your mortgage.

### Value of your own Labor

You cannot deduct value of your own services or labor.

### Personal Portion of Expenses

If you rent part of the building you reside, you can only claim the amount of your expenses that relate to the rented portion of the building.

### Current Expenses or Capital Expenses

Renovations and expenses that extend the useful life of your property or improve it beyond its original condition are usually capital expenses. However, an increase in property market value because of an expense is not a major factor in deciding whether the expenses are capital or current.

Ask yourself the below questions to decide if the expense is a current or capital expense:

| Criteria                                                                                                                                                        | Capital Expenses                                                                                                                                                                                                                                              | Current Expenses                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Does the expense provide a lasting benefit?                                                                                                                     | A capital expense generally gives a lasting benefit or advantage. For example, the cost of putting vinyl siding on the exterior walls of a wooden house is a capital expense.                                                                                 | A current expense is one that usually recurs after a short period. For example, the cost of painting the exterior of a wooden house is a current expense.                                                                                                                                                     |
| Do the expenses maintain or improve the property?                                                                                                               | The cost of a repair improves a property beyond its original condition is probably a capital expense. If you replace wooden steps with concrete steps, the cost is a capital expense.                                                                         | An expense that simply restores a property to its original condition is usually a current expense. For example, the cost of repairing wooden steps is a current expense.                                                                                                                                      |
| Is the expense for a part of a property or for a separate asset?                                                                                                | The cost of replacing a separate asset within that property is a capital expense. For example, the cost of buying a refrigerator for use in your rental operation is a capital expense. The refrigerator is a separate asset and is not part of the building. | The cost of repairing a property by replacing one of its parts is usually a current expense. For instance, electrical wiring is part of a building. Therefore, an amount you spend to rewire is usually a current expense, as long as the wiring does not improve the property beyond its original condition. |
| What is the value of the expense (Use this test only if you cannot determine whether an expense is capital or current by considering the three previous tests). | Compare the cost of the expense to the value of the property. Generally, if the cost is considerable in relation to the value of the property, it is a capital expense.                                                                                       | This test is not a determining factor by itself. You might spend a large amount of money for maintenance and repairs to your property all at once. If the cost was for ordinary maintenance that was not done when it was necessary, it is a maintenance expense and you deduct it as a current expense.      |