

Course Title: Tax Benefits of Residential Rental Property

Course Description: In this course, we will cover the financial issues related to residential rental property, including the rental of vacation homes. We will cover what counts as income and how to allocate expenses. You will see how to recover the cost of income producing property through annual tax deductions and learn how to report rental income and expenses on tax returns. You will also see how to handle the tricky situations when you have personal use of a property you rent out.

At the completion of this course, you should feel confident that you know how to handle the tax implications involved with owning residential rental property.

Learning Objectives: Please see attached “Course Objectives”

The following will be the means used in assessing whether the Learning Objectives have been met (Pre and post test, Q&A etc.):

Learning objectives are assessed at three different levels throughout the course:

1. Check Understanding questions throughout the course which must be answered correctly to proceed.
2. Unit Quizzes which require a 70% passing rate.
3. A final exam at the end of the course with 5 multiple choice questions per credit hour.

Timed Outline: Please see attached “Course Outline”

Tax Benefits of Residential Rental Property:

Course Outline

	<i>Suggested Time (min)</i>
✦ Introduction	6
○ Orientation	2
○ Course Description	2
○ Course Objectives	2
✦ Unit 1: Rental Income and Expenses	29
○ Rental Income	6
○ Rental Expenses	7
○ Additional Expenses	8
○ Unit Review	3
○ Unit Quiz	5
✦ Unit 2: Depreciation of Rental Property	40
○ Basics of Depreciation	7
○ When Does Depreciation Begin and End	7
○ Cost Basis of Depreciable Property	9
○ The General Depreciation System (GDS)	7
○ Unit Review	4
○ Unit Quiz	6
✦ Unit 3: Personal Use of a Dwelling Unit	30
○ Dividing Expenses	7
○ Dwelling Unit Used as a Home	6
○ Dwelling Unit Used as a Home, Continued	9
○ Unit Review	3
○ Unit Quiz	5
✦ Unit 4: Special Situations	29
○ Condominiums and Cooperatives	6
○ Property Changed to Rental Use	5
○ Renting Part of Property	7
○ Example of Property Changed to Rental Use	5
○ Unit Review	3
○ Unit Quiz	3
✦ Unit 5: Reporting Rental Income, Expenses, and Losses	29
○ Which Forms to Use	7
○ Limits on Rental Losses	5
○ Participation and Expenses	7
○ Casualties and Theft	4
○ Unit Review	3
○ Unit Quiz	3
✦ Final Exam	12

Tax Benefits of Residential Rental Property:

Course Objectives

Unit 1: Rental Income & Expenses

- To differentiate between the two reporting methods
- To identify the various types of rental income and rental expenses
- To determine the deductibility of repairs versus improvements

Unit 2: Depreciation of Rental Property

- To identify the factors used to determine depreciation amounts
- To determine how to calculate the cost basis and adjusted basis of a rental property
- To identify the best depreciation method for rental property

Unit 3: Personal Use of Dwelling Unit

- To determine how to divide rental expenses between personal and rental use
- To identify what classifies as personal use
- To determine how to report rental income when there is personal use of a property

Unit 4: Special Situations

- To identify special tax rules that would apply to condominiums
- To identify tax consequences of renting a cooperative apartment
- To determine how to report income and expenses for partial years or a portion of a property

Unit 5: Reporting Rental Income, Expenses and Losses

- To determine which forms are used for reporting rental activity
- To identify at-risk rules and passive activity limits
- To identify how to treat casualty and theft losses and gains

Tax Benefits of Residential Rental Property – External Resources

Unit 1

Form 1040, Schedule A

<http://www.irs.gov/pub/irs-pdf/f1040sa.pdf>

Form 1098, *Mortgage Interest Statement*

<http://www.irs.gov/pub/irs-pdf/f1098.pdf>

Form 1040, Schedule E

<http://www.irs.gov/pub/irs-pdf/f1040se.pdf>

Unit 2

Form 4562, *Depreciation and Amortization*

<http://www.irs.gov/pub/irs-pdf/f4562.pdf>

MACRS Recovery Period Table

<https://s3-us-west-2.amazonaws.com/empirelearning-images/Tax+Benefits+of+Residential+Rental+Property/Table+2-1.+MACRS+Recovery+Periods.pdf>

MACRS GDS Percentage Tables

<https://s3-us-west-2.amazonaws.com/empirelearning-images/Tax+Benefits+of+Residential+Rental+Property/Table+2-2.+Optional+MACRS+GDS+Percentage+Tables.pdf>

Unit 4

Chapter 1 of Publication 535

<http://www.irs.gov/pub/irs-pdf/p535.pdf>

Form 5213, *Election to Postpone Determination as To Whether the Presumption Applies That an Activity Is Engaged in for Profit*

<http://www.irs.gov/pub/irs-pdf/f5213.pdf>

Unit 5

Form 6198, *At-Risk Limitations*

<http://www.irs.gov/pub/irs-pdf/f6198.pdf>

Instructions for Schedule E

<http://www.irs.gov/pub/irs-pdf/i1040se.pdf>

Form 8582, *Passive Activity Loss Limits*

<http://www.irs.gov/pub/irs-pdf/f4684.pdf>

Form 4684, *Casualties and Thefts*

<https://www.irs.gov/pub/irs-pdf/f4684.pdf>



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Administrative Information

Course Title: Tax Benefits of Residential Rental Property

Course Number: 6322

Certified: 11/04/2015

Expires: 11/04/2018

Status: Approved

Provider: Empire Learning

Address: 910 Grand Ave, Suite 202

San Diego, California 92109

Phone: 858-225-7184

Contact: John Wheeler <john@empirelearning.com>

Course Information

Provider Type: Primary Provider

Delivery Method: Learning Modules - Distance

***Clock Hours:** 3

Final Exam: Yes

† Clock Hour Enforcement Mechanism: Yes

Proctored Exam: No

Difficulty Rating: Basic

Description: In this course, we cover the financial issues related to residential rental property, focusing on ways to maximize tax benefits. We cover what counts as income, how to allocate expenses, and how to recover the cost of income producing property through depreciation. You will also learn how to handle the tricky situation of personal use of a property you rent out.

Course Notes: This course has been certified with and without a mechanism that mandates students spend precisely the stated number of hours in the course. However, the course may be facilitated without the timing mechanism in jurisdictions that do not require such without compromising certification.

Instructors: John Wheeler (CDEI)

Kimberly B. Nash (CDEI)

**Course Approval Information

This course may not be approved in any jurisdiction or the provider has chosen not to include which jurisdictions the course is approved in.

Disclaimers

* Professional reviewers have determined that the amount of content to be presented in this course, as specified in the provider's timed outline, should take the stated time to complete. This certification does not suggest the course will take the hours listed if implemented into a distance education learning system that uses an inferior instructional design. In addition, ARELLO does not guarantee or audit the performance of classroom instructors to ensure the appropriate clock hours of instruction are presented to students.

** Regarding course approval information, the course provider may list here the jurisdictions that have approved this course for professional credit. Information in regard to jurisdictional course approval is not maintained by ARELLO but by course providers. If no jurisdictions appear in the course approval area, the provider may not yet be approved by a regulatory agency to offer the course. Please contact the provider if you have a question in regard to course approval information.

† A "Clock Hour Enforcement Mechanism" is course feature that mandates students spend X amount of time in the course. This mechanism is not required for certification but is required in certain jurisdictions. The absence of a clock hour enforcement mechanism does not compromise certification and the typical student taking the course can still be expected to take the appropriate amount of time to complete the course.