Rent and Royalty Income

Pub 4491 – Part 3

AARP FOUNDATION TAX-AIDE

NTTC Training – 2014 1

Intake and Interview

- Look for K-1s, 1099-MISC with Rent and/or Royalty

Yes	No	Unsure	Check appropriate box for each question in each section
Part III – Income – Last Year, Did You *(or Your Spouse)* Receive			
☐	☐	☐	14. (M) Income (or loss) from Rental Property?
☐	☐	☐	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, etc.) (Forms W-2G) Specify

AARP FOUNDATION TAX-AIDE

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Rent

- Rent income in-scope if
  - Land OR Gas/oil lease
  - Reported on a Form 1099-MISC -OR-
  - Cash from individual not on 1099-MISC
- No Expenses (property tax on Sch A)
- Rent reported on a K-1 – Out-of-scope

Rents reported on 1099-MISC

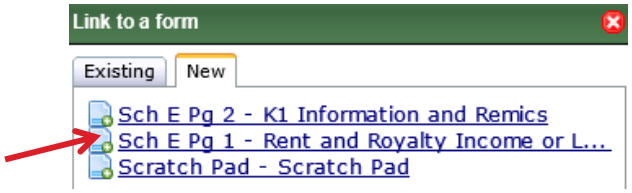
☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115	
Big Oil Corporation 2400 Gold Street 82831 Arvada, WY		$ 917	2014	Miscellaneous Income
		2 Royalties $	Form 1099-MISC	
		3 Other income $	4 Federal income tax withheld $	Copy B For Recipient
PAYER'S federal identification number: 11-4444444	RECIPIENT'S identification number	5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Nonemployee compensation $	8 Substitute payments in lieu of dividends or interest $	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ▶ ☐	10 Crop insurance proceeds $	
		11	12	
Account number (see instructions)		13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $	15b Section 409A income $	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form 1099-MISC (keep for your records) www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

Enter Rent/Royalties on Sch E

- From Form 1040, line 17, link to [Sch E Pg 1]
  - Select link
  - Select [New]
  - Select [Sch E Pg 1 – Rent & Royalty Income]



For Rent, enter name and address on line A, enter 5 for type

1 Single family residence 3 Vacation or short-term rental 5 Land 7 Self-rental
2 Multi-family residence 4 Commercial 6 Royalties 8 Other

If type 8, enter a description for
Property A
Property C
Property B

1	Address	TSJ	** Type	Fair rental days	Personal use days	QJV
A	BIG OIL CORPORATION 82831- ARVADA WY		5	0	0	☐
B				0	0	☐
*C				0	0	☐

Income

Link to 1099-MISC

F9 to 1099-Misc on line 3 or 4	Properties A	B	C
3 Rents received	0	0	0
4 Royalties received	0	0	0

TaxWise 1099-MISC Rent

Dropdown Box

US 1099-MISC — Miscellaneous Income

This 1099M worksheet is for the: (•) Taxpayer ( ) Spouse

If Schedule E income, select parent property: (A) BIG OIL CORPORATION I

Payer's information EIN: ____ or SSN: ____	1 Rent 917	2 Royalties 0
Name BIG OIL CORPORATION INC	3 Other income 0	4 Federal withholding 0
Street address 2400 GOLD STREET	5 Fishing boat proceeds 0	6 Medical payments 0
Zip code, city, and state 82831- ARVADA WY Recipient's identification number: 031-22-4062	7 Nonemployee compensation 0	8 Substitute payments in lieu of dividends or interest 0
Recipient's name MARY BERINGER	9 Payer made direct sales of $5,000 or	10 Crop insurance

Schedule E in TaxWise

1	Address	TSJ	** Type	Fair rental days	Personal use days	QJV
A	BIG OIL CORPORATION 82831- ARVADA WY		5	0	0	☐
B				0	0	☐
*C				0	0	☐

Income

	Properties		
F9 to 1099-Misc on line 3 or 4	A	B	C
3 Rents received	917	0	0

Enter Royalty

- Royalties from a gas/oil lease or similar in-scope if reported on K-1 or 1099-MISC
- On Sch E, Pg 1 enter name and address on line C, enter 6 as type

For Royalty, enter name and address on line C, enter 6 for type

Allowable codes for type of property

1 Single family residence
2 Multi-family residence
3 Vacation or short-term rental
4 Commercial
5 Land
6 Royalties
7 Self-rental
8 Other

If type 8, enter a description for
Property A
Property B
Property C

	Address	TSJ	** Type	Fair rental days	Personal use days	QJV
A	BIG OIL CORPORATION INC 85259- SCOTTSDALE AZ		5	0	0	☐
B				0	0	☐
C	Land Development 85013- PHOENIX AZ	J	6	0	0	☐

For K-1 enter amount in 4 C; For 1099-MISC, link from 4C and complete 1099-MISC

1	Address	TSJ	** Type	Fair rental days	Personal use days	QJV
A	BIG OIL CORPORATION INC 85259- SCOTTSDALE AZ		5	0	0	☐
B				0	0	☐
*C	Land Development 85013- PHOENIX AZ	J	6	0	0	☐

Income

	F9 to 1099-Misc on line 3 or 4	Properties A	Properties B	Properties C
3	Rents received	917	0	0
4	Royalties received	0	0	300

Sch E, pg 1 Transfers to 1040 line 17

10	Taxable refunds, credits, or offsets of state and local income taxes. F9 for worksheet		0
11	Alimony received		0
12	Business income or (loss)		0
13	Capital gain or (loss)	Schedule D not required: ☐	0
14	Other gains or (losses)	Form 4684 only: ☐	0
15a	IRA distributions	Total 0	
b	Taxable amount	Check if rollover: ☐ and F9 to explain: ☐	0
16a	Pensions and annuities	Total 0	
b	Taxable amount	Check if any amounts were rolled over: ☐	0
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc		1217

Quality Review

- Are rent and royalty entries in scope
- Has information been properly entered on Sch E
- Check for proper transfer of Sch E, pg 1 amount to 1040 line 17

Any Questions/Comments?