

Tax Benefits of Owning Property

UNINCORPORATED vs. INCORPORATED

Tax Payer - with NO Properties	
0 Children claiming Standard Deductions	
W-2 Income	120,000
Tax Liability	25,072
Tax Savings of	\$ 0

Unincorporated Tax Payer - with Properties	
0 Children claiming Standard Deductions	
W-2 Income	120,000
Cash flow from rental houses	18,000
Expenses	
Mortgage	2,000
Insurance	1,800
Property Manager	1,800
Taxes	3,000
Non-cash expenses	
House Depreciation 27.5 yrs	14,545
Total Expense	<u>23,145</u>
Net Income for properties	<u>(5,145)</u>
Taxable Income from properties	114,855
Tax Liability	24,650
Tax Savings of	\$ 422
Non-cash expenses	14,545

Incorporated Tax Payer - with Properties	
0 Children claiming Standard Deductions	
W-2 Income	120,000
Cash flow from rental houses	18,000
Expenses	
Mortgage	2,000
Insurance	1,800
Property Manager	1,800
Taxes	3,000
Non-cash or previous non-deductible expenses	
Rental House Depreciation 27.5 yr	14,545
Car Depreciation	6000
Car Expenses	1200
Car Insurance	600
Car License	100
Home Office Equipment	1000
Home Office Insurance	1800
Home Repairs and Maintenance	1653
Home Utilities	900
Internet	400
Personal Telephone	600
Total Expense	<u>37,398</u>
Net Income for rental properties	<u>(19,398)</u>
Taxable Income from properties	100,602
Tax Liability	19,647
Tax Savings of	\$ 5,003
Non-cash expenses	28,798