

## What is an enrolled agent?

Enrolled agents (EAs) are America's tax experts. EAs are the **only** federally-licensed tax practitioners who specialize in taxation and also have **unlimited** rights to represent taxpayers before the Internal Revenue Service.

## What are the differences between enrolled agents and other tax preparers?

An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by either passing a stringent and comprehensive examination covering both individual and business tax returns, or through experience as a former IRS employee.

## Enrolled agent status is the highest credential the IRS awards.

Individuals who obtain this elite status must adhere to ethical standards and enrolled agents, like attorneys and certified public accountants (CPAs), have unlimited practice rights. This means they are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can represent clients before.

**The difference lies in the depth of experience** and understanding of not just how to prepare a tax return, but rather the expertise and knowledge of the tax law that may be used not only to prepare a tax return, but also to represent the taxpayer.

## How can an enrolled agent help me?

Enrolled agents advise, represent and prepare tax returns of individuals, partnerships, corporations, estates, trusts and any other entity with tax reporting requirements. EAs prepare millions of tax returns each year and their expertise in the continually changing field of taxation enables them to effectively represent taxpayers audited by the IRS.

Some enrolled agents work only during tax season or by appointment only, while other enrolled agents have year round practices. In addition to **tax preparation** and tax representation, many enrolled agents offer other business services which may include:

- Tax Return Preparation
- Bookkeeping
- Financial planning or budgeting
- Payroll services
- Financial statement preparation

## Renting Residential and Vacation Property



## Mary Sunderland

MBA|CFA|CFP®| EA

## Enrolled Agent

*Licensed to Represent Taxpayers  
before the  
Internal Revenue Service  
Chatham, NJ*

**201.919.8262**

[mary.sunderlandtax@comcast.net](mailto:mary.sunderlandtax@comcast.net)

[www.sunderlandtax.net](http://www.sunderlandtax.net)

## Renting Residential and Vacation Property

If you receive rental income from renting a dwelling unit, such as a house or an apartment, you may deduct certain expenses. These expenses, which may include mortgage interest, real estate taxes, casualty losses, maintenance, utilities, insurance, and depreciation, will reduce the amount of rental income that is taxed. You will generally report such income and expenses on [Form 1040](#) (PDF) and on [Form 1040, Schedule E](#) (PDF). If you are renting to make a profit and do not use the dwelling unit as a personal residence, then your deductible rental expenses may be more than your gross rental income. Your rental losses, however, generally will be limited by the "at-risk" rules and/or the passive activity loss rules. For information on these limits, refer to [Publication 925, Passive Activities and At-Risk Rules](#).

If you rent a dwelling unit to others that you also use as a personal residence, then your deductible rental expenses may be limited. You are considered to use a dwelling unit as a personal residence if you use it for personal purposes during the tax year for more than the greater of:

- 14 days, or
- 10% of the total days it is rented to others at a fair rental price.

It is possible that you will use more than

one dwelling unit as a personal residence during the year. For example, if you live in your main home for 11 months, your home is a dwelling unit used as a personal residence. If you live in your vacation home for the other 30 days of the year, your vacation home is also a dwelling unit used as a personal residence unless you rent your vacation home to others at a fair rental value for 300 or more days during the year.

A day of personal use of a dwelling unit is any day that it is used by:

- You or any other person who has an interest in it, unless you rent your interest to another owner as his or her main home under a shared equity financing agreement
- A member of your family or of a family of any other person who has an interest in it, unless the family member uses it as his or her main home and pays a fair rental price
- Anyone under an agreement that lets you use some other dwelling unit
- Anyone at less than fair rental price

If you use the dwelling unit for both rental and personal purposes, you generally must divide your total expenses between the rental use and the personal use based on the number of days used for each purpose. However, you will not be able to deduct your rental expense in excess of the gross rental income limitation (your gross rental income less the rental portion of mortgage interest, real estate taxes,

and casualty losses, and rental expenses like realtors' fees and advertising costs). However, you may be able to carry forward some of these rental expenses to the next year, subject to the gross rental income limitation for that year. If you itemize your deductions on [Form 1040, Schedule A](#) (PDF), you may still be able to deduct your personal portion of mortgage interest, property taxes, and casualty losses on that schedule.

There is a special rule if you use a dwelling unit as a personal residence and rent it for fewer than 15 days. In this case, do not report any of the rental income and do not deduct any expenses as rental expenses.

Another special rule applies if you rent part of your home to your employer and provide services for your employer in that rented space. In this case, report the rental income. You can deduct mortgage interest, qualified mortgage insurance premiums, real estate taxes, and personal casualty losses for the rented part, subject to any limitations, but do not deduct any business expenses. For information on these limits, refer to [Publication 587, Business Use of Your Home \(Including Use by Daycare Providers\)](#).

For more information on offering residential property for rent, refer to [Publication 527, Residential Rental Property \(Including Rental of Vacation Homes\)](#).