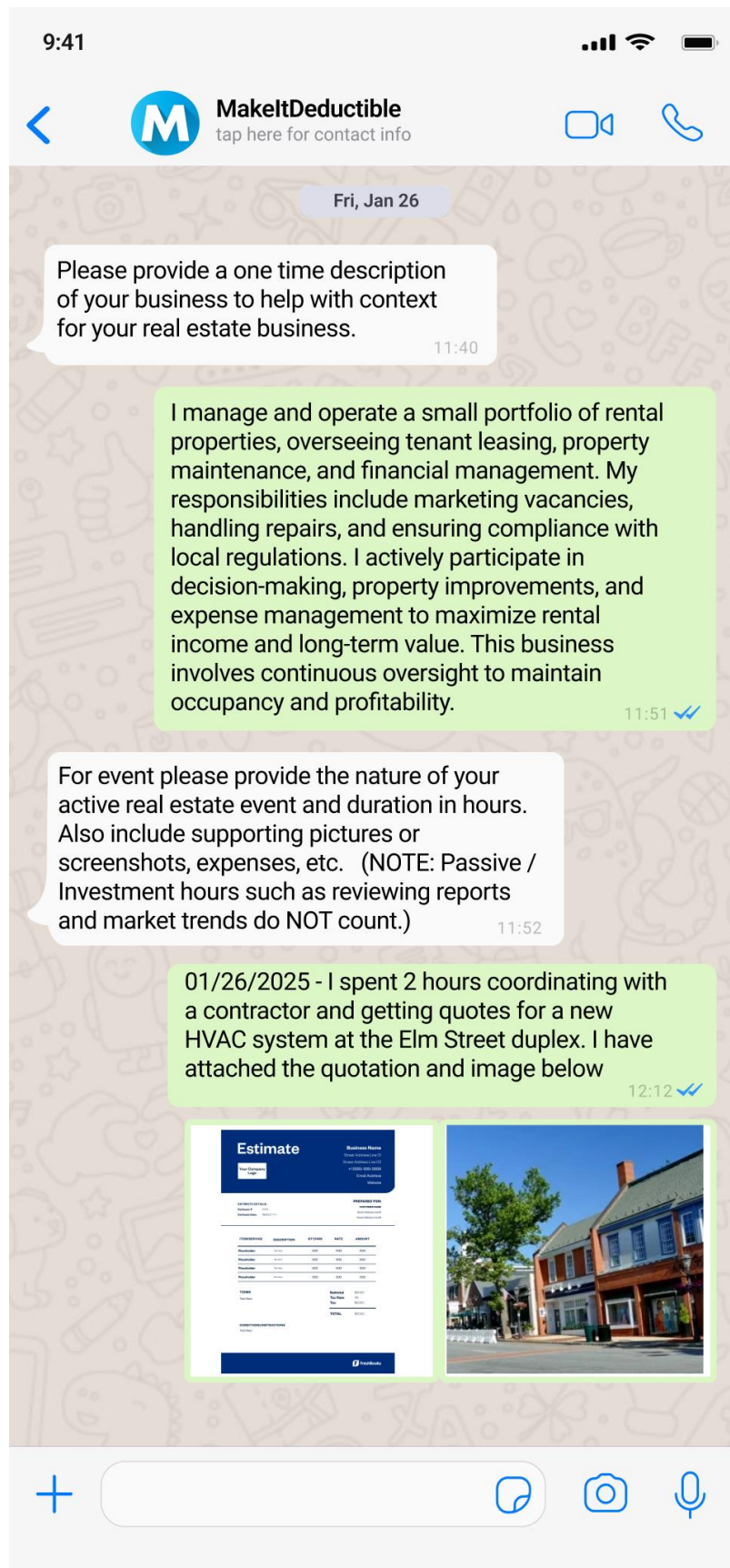


EXAMPLE ACTIVE PARTICIPATION INFORMATION PROVIDED BY CLIENT



EXAMPLE COVER LETTER

MakeltDeductible.ai

Email:

Phone:

Dear [Client Name],

Enclosed, please find the draft report documenting your recent real estate active participation activities related to [Client Name]. This report has been compiled based on the information you provided and serves as an initial draft for your review and approval.

Before proceeding, please take note of the following important disclaimers:

1. **Draft Status** – This is a draft report created solely using the details you provided. It is not finalized until reviewed and approved by you.
2. **Review Required** – It is essential that you carefully review the contents to ensure accuracy. If any discrepancies or missing details are found, please make the necessary revisions. Once reviewed, please sign the last section of the report to confirm its accuracy.

3. **Legal Disclaimer** –

*The documentation provided in this report is prepared by MakeltDeductible as part of our documentation service. Our role is limited to organizing and compiling the information provided by the client. **MakeltDeductible does not provide tax, legal, or financial advice.***

*The accuracy, completeness, and validity of the contents in this report are the sole responsibility of the client. **It is the client's responsibility to review, approve, and sign off on the documentation** to ensure compliance with applicable laws and regulations, including but not limited to state and federal tax requirements.*

By signing this document, the client acknowledges that they have reviewed the contents and accept full responsibility for the information submitted. MakeltDeductible is not liable for any errors, omissions, or misrepresentations within the documentation provided.

If you have any questions or need modifications to the report, please do not hesitate to reach out. Once finalized and signed, this report will serve as formal documentation of your business activities.

EXAMPLE TAX DOCUMENTATION

Company/Taxpayer Name	Shannon's Real Estate
Company/Taxpayer Number	-
Activity Date	26-Jan-2025
Activity Title	Coordination for HVAC System Replacement
Participants	Shannon, Contractor
Duration in Hrs	2
Expense	[Not specified]
Likely Tax Classification of Expense	[Not specified]

BUSINESS DESCRIPTION

Section 1: Business Identification

Company Name: Shannon's Real Estate

Taxpayer Identification Number (Tax ID): [Not Provided]

Business Description:

Shannon's Real Estate manages and operates a small portfolio of rental properties, overseeing tenant leasing, property maintenance, and financial management. Responsibilities include marketing vacancies, handling repairs, and ensuring compliance with local regulations. Shannon actively participates in decision-making, property improvements, and expense management to maximize rental income and long-term value. The business involves continuous oversight to maintain occupancy and profitability.

EVENT DETAILS

Section 2: Event Overview

Event Title: Coordination for HVAC System Replacement

Date of Event: 26-Jan-2025

Duration of Event: 2 Hours

People Involved:

- Shannon (Property Owner)
- Contractor [Name if available]

Location: Elm Street Duplex

Event Description:

Shannon spent two hours coordinating with a contractor and obtaining quotes for the replacement of a new HVAC system at the Elm Street duplex. The activity involved discussing pricing, evaluating system options, and scheduling the installation. Ensuring the property remains in good condition is crucial for tenant satisfaction and occupancy retention.

Connection to Business Objectives:

This activity directly supports the operational and financial objectives of the business by maintaining essential property infrastructure, ensuring regulatory compliance, and enhancing tenant satisfaction.

Client's Role:

Shannon actively engaged with the contractor, reviewed system options, and ensured the project aligns with the property's maintenance strategy.

TAX JUSTIFICATION

Section 3: Tax Objectives

Purpose of the Event:

This activity demonstrates the client's material participation in the real estate business, qualifying under the **750-hour IRS requirement** for real estate professionals.

Tax Implications:

- **Active Participation Justification:** Shannon's involvement in property maintenance and improvements highlights active management efforts.
- **Business Nature of Activity:** Coordinating repairs aligns with the company's primary business operations and supports long-term asset value.
- **Expense Deduction Eligibility:** HVAC system replacement and contractor consultation costs may be classified as deductible business expenses.

Section 4: Financial and Operational Impact

Key Business Objective Supported:

Enhancing property functionality and ensuring continued tenant occupancy.

Anticipated Financial Impact:

Improved property condition, reduced long-term maintenance costs, and increased tenant retention.

Operational Goal Addressed:

Ensuring proactive property management through regular system updates and infrastructure improvements.

Section 5: Attachments

- Contractor's quote for HVAC system replacement and Elm street Duplex



Estimate

Your Company Logo

Business Name
Street Address Line 01
Street Address Line 02
+1 (800) 999-9999
Email Address
Website

ESTIMATE DETAILS:
Estimate # 0000
Estimate Date 1/1/2022

PREPARED FOR:
CUSTOMER NAME
Street Address Line 01
Street Address Line 02

ITEM/SERVICE	DESCRIPTION	QTY/HRS	RATE	AMOUNT
Placeholder	Test Item	000	000	000
Placeholder	Test Item	000	000	000
Placeholder	Test Item	000	000	000
Placeholder	Test Item	000	000	000

TERMS
Test Item

Subtotal \$0.00
Tax Rate 0%
Tax \$0.00
TOTAL \$0.00

CONDITIONS/INSTRUCTIONS
Test Item

FreshBooks



REAL-TIME TAX CERTIFICATION

Section 6: IRS Compliance Assertion

The activities outlined above confirm my active participation in the real estate business. By documenting essential maintenance efforts and direct contractor interactions, this report underscores my role in managing and improving rental properties. This supports my qualification under IRS guidelines for real estate professionals and satisfies material participation requirements.

Approved by: Shannon

Date: [Specify Date]

Signature: _____