The Simple Tax Guide for Agents — 2026

Plain English. Real numbers. The one big write-off almost nobody uses.

4 THINGS THAT CHANGED THIS YEAR

- **You can write off equipment 100% in the first year again.** This used to be shrinking every year. Congress made it permanent. This is a big deal — see the back page.
- **The mileage rate changed in the middle of the year.** 72.5¢ a mile through June 30. **76¢ a mile** starting July 1. Add up your miles in two separate piles.
- **Office coffee and snacks are no longer deductible.** Meals with clients are still fine at 50%.
- **You only send a 1099 if you paid someone $2,000 or more** (it used to be $600). They still owe tax on it either way.

The Only Rule That Matters

If you spent the money to get or do business, you can probably deduct it. The IRS calls this "ordinary and necessary." In plain terms: **would another agent spend this to sell houses?** If yes, deduct it. If it's half business and half personal (like your phone), deduct only the business half — and be able to explain how you got that number.

Things You Can Write Off

GETTING BUSINESS

- Yard signs, open house signs
- Flyers, brochures, business cards
- Your website
- Facebook, Instagram & Google ads
- Whoever runs your ads for you
- Direct mail and postage
- Photos, video, drone, 3D tours
- Staging and pre-listing cleaning

RUNNING THE BUSINESS

- MLS, NAR, board and license dues
- Desk fees, franchise fees, splits
- CRM, e-sign, design apps, Zoom
- Bookkeeper, accountant, attorney
- Bank fees and business card interest
- E&O and business insurance
- Phone and internet (business share)

DEAL COSTS YOU PAID YOURSELF

- Appraisal or inspection you covered
- A repair you paid for on a listing
- A concession you funded to save a deal
- Home warranty you bought for a client
- Attorney, notary, or courier fees
- Open house snacks and decor

LEARNING

- Required CE classes
- Coaching, conferences, courses
- Real estate books and audiobooks

Catch: Training counts only if it makes you better at the job you already have. Your original license course didn't count, because that got you *into* the job.

STUFF YOU BUY

- Laptop, tablet, phone, monitors
- Camera, lenses, lighting
- Printer, paper, toner, postage
- Lockboxes and spare keys
- Sign posts and frames
- Desk, chair, office furniture
- Staging inventory

Easy win: Anything that costs **$2,500 or less** can be written off the year you buy it — no complicated math. Your accountant just attaches a one-page form. Ask for it every year.

HELP YOU HIRE

- Transaction coordinator
- Showing or marketing assistant
- Virtual assistant, video editor, ISA

Your Car

Pick one way each year. You can't mix them.

Easy way — count miles. Track business miles and multiply:

WHEN YOU DROVE	PER MILE
Jan 1 – June 30, 2026	72.5¢
July 1 – Dec 31, 2026	**76¢**

Harder way — count everything. Gas, repairs, tires, insurance, payments, registration, car washes — then deduct only your business percentage.

Two traps: Driving from home to the office is commuting, and commuting never counts. And a car wrap is advertising (fully deductible), but wrapping the car does *not* make the car deductible.

Big truck rule: If the vehicle weighs over 6,000 lbs and you use it mostly for work, you can often write off nearly the whole thing in year one. Regular cars are capped around **$20,300** the first year.

Meals, Gifts & Your Home Office

MEALS

- Lunch with a client or agent: **50% off**
- Meals while traveling for work: **50% off**
- Coffee and snacks at the office: **nothing (new for 2026)**
- Food at an open house: **100%** — put it under marketing, not meals

On the receipt, write who you ate with and why. "Lunch $84" is not enough.

CLIENT GIFTS

Only **$25 per person, per year.** That limit hasn't changed since the 1960s. But branded stuff you hand out to lots of people — pens, magnets, notepads — is advertising, and there's no limit on that.

HOME OFFICE

The room has to be used *only* for work. Not the guest room. Not the kitchen table.

- **Easy way:** $5 per square foot, up to 300 sq ft. Max $1,500.
- **Better way (usually):** take that percentage of your rent or mortgage interest, taxes, utilities and repairs.

Take photos and measure the room today. You can't recreate that later.

Keep These 5 Things And You'll Be Fine In An Audit

- **A mileage log.** Date, miles, where you went, why. Use an app. Remember to split it at July 1.
- **Notes on meal receipts.** Who you were with and what you talked about. Write it that week.
- **Photos of your home office** and the square footage.
- **A separate business bank account and card.** Mixing personal and business turns a small audit into a bad one.
- **Your receipts and invoices.** A card statement shows money left — not what you bought.

The Big One Nobody Uses: Cost Segregation

FOR YOU AND EVERY INVESTOR CLIENT YOU HAVE

Here's the normal way. You buy a rental house. The IRS makes you spread the write-off over **27.5 years** — about **$18,000 a year** on a $500,000 building. Slow. But a house isn't one thing. It's a roof, a driveway, carpet, cabinets, appliances, landscaping. The carpet does not last 27.5 years. Neither does the dishwasher.

A cost segregation study is an engineer going through the property and separating out all the short-life stuff. Carpet, appliances and cabinets get a 5-year life. Driveways, fencing and landscaping get 15. And because of the 2026 rule change, **everything on those short lists can be written off immediately — all in year one.**

Real example — a $650,000 two-family in Morris County. After taking out the land, you're writing off $500,000.

HOW YOU DO IT	WRITE-OFF IN YEAR ONE
The normal way	$18,182
With a cost segregation study	$138,636

Extra write-off in year one: **$120,454** — roughly **$38,000 less in federal tax** that year.

"I BOUGHT IT YEARS AGO — TOO LATE, RIGHT?"

No. This is the part most people get wrong. If you've owned the property for years and never did this, you can catch up *all* the missed write-offs on this year's tax return. Your accountant files one extra form. You don't have to amend anything.

WHO IT'S WORTH IT FOR

- Property worth roughly **$500,000+** — a study costs $5,000–$15,000, so it has to pay for itself
- People in a high tax bracket
- Short-term rental owners who run the place themselves, and anyone holding the property a while

Three honest catches

1. You may not be able to use it right away. Rental losses usually can't offset commission income unless real estate is your full-time job or it's a short-term rental you manage. If you can't use it now, it waits — it doesn't disappear.

2. You pay some of it back when you sell. This moves the tax bill earlier, it doesn't erase it. Holding long-term or doing a 1031 exchange is what makes it worth doing.

3. New Jersey doesn't play along. NJ ignores this rule. You get the federal break, not the state one.

Why this matters to your business: Most investors have never had anyone explain this. Bring it up with an investor buyer *before* they close and you've handed them something worth five figures — without giving tax advice.

Two Ways To Cut Your Tax Bill A Lot

1. RETIREMENT ACCOUNTS

Money you put in comes off your taxable income. This is the biggest legal lever most agents skip.

ACCOUNT	2026 MAX
Solo 401(k) — best for most solo agents	$72,000
SEP-IRA — simplest to open	$72,000
Regular IRA or Roth IRA	$7,500

Over 50? You can add $8,000 more to a 401(k). Ages 60–63 can add $11,250.

2. THE S-CORP ELECTION

If you're making good money, an S-corp can cut your self-employment tax. You pay yourself a real paycheck; the rest comes out as a distribution that skips that tax.

Rough rule: Usually worth looking at once you're netting **$80,000–$100,000+**. Below that, the extra payroll and accounting costs eat the savings. The paycheck also has to be realistic — the IRS will push back if you pay yourself $10,000 and take $150,000 in distributions.

Don't miss this: Most self-employed agents deduct an extra **20% of their profit** automatically (the QBI deduction). Agents qualify; many other professions don't. Make sure your accountant takes it.

Dates & Numbers

WHEN TO PAY IN 2026

FOR INCOME EARNED	PAY BY
Jan – March	April 15, 2026
April – May	June 15, 2026
June – August	Sept 15, 2026
Sept – December	Jan 15, 2027

Easiest way to stay out of trouble: pay 100% of what you owed last year, split in four. Then you can't be penalized even in a monster year. (110% if you made over $150,000.) Don't forget New Jersey.

CHEAT SHEET

ITEM	2026
Write off gear on the spot, up to	$2,500
Home office, easy method	$5/sq ft ($1,500 max)
Client gift limit	$25 each
Client meals	50%
401(k) / SEP max	$72,000
Send a 1099 if you paid over	$2,000

Please read: General information to help you ask better questions — not tax advice. Tax rules change and your situation is your own. Numbers reflect federal rules published as of August 2026. Talk to a CPA before acting, especially on cost segregation, S-corp setup, and rental properties. RE/MAX Select and Morris Agent Team do not provide tax advice.