



Income Tax Quiz for Flippers and Rehabbers

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<p>11. The costs of new construction are:</p> <ul style="list-style-type: none">A. The reason why builders go brokeB. Deductible as they are incurredC. Accumulated until completedD. Either B or C	<p>12. Cost of a rehab on a flip is:</p> <ul style="list-style-type: none">A. Depreciated over 27.5 yearsB. Subtracted from the sale proceedsC. Deductible as "repairs"D. Deductible as "supplies" and "labor"
<p>13. Profit on flips is taxed at:</p> <ul style="list-style-type: none">A. Your "marginal" tax rate, up to 40%B. Capital gains rate, up to 15%C. Capital gains rate if kept over 12 monthsD. Investment profit rate, up to 10%	<p>14. You are not a dealer if you:</p> <ul style="list-style-type: none">A. Flip no more than 5 properties a yearB. Keep some properties as rentalsC. Sell flips using lease-optionsD. Intended to keep the flips as rentals
<p>15. Seller-financing flips when you sell them:</p> <ul style="list-style-type: none">A. Is a little-known tax loopholeB. Does not change your tax situationC. Creates a big tax headacheD. Is illegal in Texas	<p>16. Taxes on flipping business can be reduced:</p> <ul style="list-style-type: none">A. By depreciating the propertiesB. By utilizing "1031 exchanges"C. By incorporating the businessD. By not reporting the sales proceeds
<p>17. For a tax deduction, an automobile must:</p> <ul style="list-style-type: none">A. Be new when purchasedB. Not be used for personal errandsC. Be owned, not leasedD. Be in running condition	<p>18. The cost of your own labor is:</p> <ul style="list-style-type: none">A. Not deductible at allB. Deductible at 100% of market rateC. Deductible at 50% of market rateD. Deductible up to a contractor's bid
<p>19. To claim business expenses, you must:</p> <ul style="list-style-type: none">A. Be insaneB. Keep all the receiptsC. Use QuickBooks softwareD. None of the above	<p>20. If you are not ready to file by April 15th:</p> <ul style="list-style-type: none">A. Don't worry until next April 15thB. Make sure to pay if you're likely to owe moreC. Ask for a 6-month extension to pay taxesD. File an incomplete return and fix it later

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