

THE AUGUSTA RULE

IN A BOX

A RESOURCE FROM  VANCE WEALTH

Your complete toolkit for implementing the Augusta Rule
the right way — powered by simplify365[®]



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WHAT'S IN THIS BOX

EVERYTHING YOU NEED TO IMPLEMENT THE AUGUSTA RULE THE RIGHT WAY



If you read about the Augusta Rule in *The Simplify Day*, you already know the opportunity: the tax code (IRC Section 280A(g)) lets you rent your home to your business for up to 14 days a year —tax-free to you, deductible to the business. And you know the catch: it only holds up if it's documented properly.

This kit is the documentation system. It's the same framework we use with our own clients at Vance Wealth through our simplify365® program. Inside, you'll find everything that follows:



What Is the Augusta Rule

The strategy, the savings, and the compliance risks to avoid



The simplify365® Planning Day

How your monthly planning day creates the business purpose



7-Step Implementation Process

From reserving your 14 days to claiming the income correctly



Fair Market Value Analysis

How to set a defensible daily rate

Sample Planning Day Schedule

A full-day structure you can follow

Sample Rental Agreement

A starting template to adapt with your attorney

HOW TO USE THIS KIT

Read it through once, then use the 7-step process as your checklist. Bring the rental agreement and fair market value analysis to your CPA or attorney before you file. The Augusta Rule rewards preparation — this kit is how you prepare.

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WHAT IS THE AUGUSTA RULE?

The Augusta Rule, also known as IRC Section 280A(g), allows homeowners to legally rent out their home to their business **for up to 14 days per year**, resulting in a sizable tax deduction. By renting your home to your business, you can deduct the rental payments on the business tax return while avoiding tax on your personal return under Section 280A(g). For example, renting your home for 14 days at \$3,000 per day (based on comparable rental options) would create \$42,000 that could be deducted from the corporate tax return, lowering the net business income by \$42,000. If in the 40% tax bracket, the tax savings would be approximately \$16,800 annually.

ESSENTIALLY, THIS IS A TAX-FREE DISTRIBUTION OUT OF THE COMPANY!

POTENTIAL COMPLIANCE RISKS



NOT HAVING A BUSINESS PURPOSE



NOT HAVING DOCUMENTATION TO SUPPORT THE BUSINESS PURPOSE



DETERMINING FAIR MARKET VALUE RENT



**MAXIMIZE
YOUR TAX SAVINGS**

**You've earned it.
Let's make sure you keep it.**



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PLANNING DAY

Many successful business owners take time to focus on their business, not just in their business; therefore, we recommend you take a simplify365® Planning Day once per month away from your business to gain clarity, review goals, and work on the most important issues to simplify your life. Unfortunately, many business owners struggle to incorporate this purposeful schedule into their lives, resulting in the constant juggling between work and family demands, not allowing you to be the best version of yourself.

Taking a simplify365® Planning Day helps you improve in business and life. John Wooden has a well-known quote: "Don't mistake activity with achievement." Use a simplify365® Planning Day to strategically plan for your business and Achieve More!

\$15,000 TO \$50,000 ANNUAL TAX SAVINGS



01. Decide how your business will rent your home for up to 14 days

- simplify365® Planning Day/Monthly business planning meetings = 12 days
- Annual Officer's/Minutes Meeting = 1 day
- Annual Planning/Staff Appreciation Day = 1 day
- Ensure you aren't using the house for clients, entertainment, or personal reasons
- Make sure to consult your tax professional about all the limitations and requirements
- Reserve the 14 days on your business calendar and schedule the meetings at your primary residence. *Do not exceed the 14 days.



02. Create an agenda and take detailed notes

- Documentation is essential in establishing the business purpose.



03. Get comparables

- It is essential to charge the business in line with comparable rates in your area (i.e. a hotel). Inquire how much a hotel charges for a full-day room rental.



04. Rental Agreement

- It is best practice to have a rental agreement in place equivalent to the daily rent charge. Update rental agreement annually.



05. Personally, invoice the business for the expense

- Based on the comparables that are provided in the package, send your business an invoice for the daily rental rate. We recommend that you pay rent on a regular basis.



06. As a business, you will need to issue the homeowner a 1099-MISC at the end of the year

- The business will need to ensure that all the invoices have been paid. Then, issue a 1099-MISC form for the homeowner (you).



07. Claim the income on your individual taxes

- You will need to claim the income on your taxes as “non-taxable income under IRS Code Section 280A(g).” This shows the IRS that you are following the guidelines outlined in the IRC. Leave no room for mistakes. Ensure that your tax professional doesn’t include this as taxable income.

YOUR IMPLEMENTATION CHECKLIST

TOOLKIT COMPONENT



Work through these seven steps in order. Check each box as you complete it — and bring this page to your CPA or attorney before you file.

☐ 1. RESERVE YOUR 14 DAYS

Block 12 monthly simplify365® Planning Days, 1 officer's/minutes meeting, and 1 staff appreciation day on your business calendar. Hold the meetings at your primary residence. Don't exceed 14 days.

☐ 2. CREATE AN AGENDA AND TAKE DETAILED NOTES

Documentation establishes the business purpose. Keep an agenda plus thorough notes for each day showing the work accomplished.

☐ 3. GET COMPARABLES

Charge a rate in line with comparable full-day options in your area (e.g., a hotel suite). Use the Fair Market Value Analysis in this kit.

☐ 4. PUT A RENTAL AGREEMENT IN PLACE

Use the sample agreement in this kit (attorney-reviewed). Match the daily rate to your comparables. Update it annually.

☐ 5. INVOICE THE BUSINESS

Personally invoice your business for the daily rate and pay it on a regular basis.

☐ 6. ISSUE A 1099-MISC

At year-end, the business issues you (the homeowner) a 1099-MISC after confirming all invoices are paid.

☐ 7. CLAIM THE INCOME CORRECTLY

Report it as non-taxable income under IRC Section 280A(g). Confirm your tax professional does not treat it as taxable.



FAIR MARKET VALUE ANALYSIS

AS PART OF OUR PROGRAM, WE RECOMMEND
A SIMPLIFY365® PLANNING DAY.

One full day per month, uninterrupted, away from
the office to work on your business.

By dedicating time away from your place of work, a
simplify365® Planning Day gives you an opportunity to
step away and see the big picture. While a hotel serves
as an adequate option, we've found that no place
serves a simplify365® Planning Day's purpose better
than the comfort of one's own home. While you're
busy doing the work needed to make your business
thrive, we'll help you make the most of that time
through implementation of the Augusta Rule.

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Things to consider when selecting the most appropriate location for you and your business:

HOTEL SUITE		RENT PERSONAL RESIDENCE TO BUSINESS
Suite must have adequate workspace, including conference table		Work from the comfort of home
Hotel must have available amenities (gym, etc.)		Amenities readily available
Must rent suite for two-night stay to achieve full workday		No driving required, can start right away
Factor in drive time and two evenings away from family		Ability to implement IRC 280A(g)
HOTEL ESTIMATES		LA FILM HOME RENTAL ESTIMATE
	\$	Home Address:
	\$	
	\$	Home Rental Estimated At:
Average	\$	

DAILY RATE:	SUMMARY OF DECISION AS THE PRESIDENT/OWNER:
\$	



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SAMPLE STRUCTURE FOR YOUR PLANNING DAY

Effective leadership requires you to perform at your best with healthy personal habits such as rest, nutrition, exercise, and stress reduction. It means intentionally taking care of yourself; otherwise, the stress and chaos of everyday life may affect your ability to lead the way you want to. We recommend using a simplify365® Planning Day to gain clarity, review goals and work on the most important issues.



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7:00 AM

Mental Focus – Meditation, Mindfulness, Positive Affirmations

7:30 AM

Commit to Continuous Growth – Read Book or Listen to Podcast

8:30 AM

Review Goals: Personal & Family, Evaluate Progress

8:45 AM

Review Business Goals

9:00 AM

Identify 3 Important issues to work on for the day

9:20 AM

Set your agenda for the day

9:30 AM

Health – Exercise, Snack, Movement

10:30 AM

Work through Issue #1

12:30 PM

Lunch

1:00 PM

Work Through Issue #2

3:00 PM

Refresh – Break, Stretching, Walk

3:30 PM

Work Through Issue #3

5:30 PM

Summary and Follow-Up Commitment (30 Minutes)

SAMPLE RENTAL AGREEMENT

TOOLKIT COMPONENT



RENTAL LEASE AGREEMENT

The Tenant known as _____, hereby agrees to rent the dwelling located at _____. The premises are to be occupied by the above-named tenants only. The Tenant may not sublet premises.

TERM. The term shall commence on January _____, 20____ through December 31, 20____ at \$_____ per day for a total of fourteen days. The rent is payable upon the due date of the invoice.

APPLIANCES. Appliances provided in this rental are: stove, refrigerator, dishwasher, washing machine, dryer, air conditioner(s).

INSURANCE. Tenant is responsible for liability/fire insurance coverage on premises.

NOTICES. Should Tenant decide to vacate the premises, one (1) day's written notice to the landlord is required. Should landlord decide to have tenants vacated, one (1) day's written notice is required. Tenant agrees to allow premises to be shown at any and all reasonable times for re-rental.

ACKNOWLEDGMENT. Tenant hereby acknowledges that it has read, understands, and agrees to all the terms of this document, and has received a copy of this Agreement.

THE UNDERSIGNED TENANT(S) ACKNOWLEDGES RECEIPT OF A COPY HEREOF.

LANDLORD SIGNATURE: _____ DATE: _____
PRINT NAME: _____

TENANT SIGNATURE: _____ DATE: _____
PRINT NAME: _____

IMPORTANT: THIS IS A SAMPLE TEMPLATE.

Have your own attorney review and adapt it for your situation and state before use. Don't rely on a generic agreement for an IRS-facing deduction.

WANT HELP?

PUTTING THIS INTO PRACTICE

The Augusta Rule is a great place to start — but it's just the entry point. Most business owners are leaving far more on the table across their full tax picture. At Vance Wealth, we look at your lifetime tax strategy, not just this year's return, and we coordinate the whole team so nothing slips through the cracks.



See if you qualify and book a consultation at
simplify-365.com/book-an-appointment

— or —

Prefer to talk? Call us directly.

(888) 775-0950

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**YOU'VE
EARNED IT**

Let's make sure you keep it.



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simplify³⁶⁵