IRS Tips about Vacation Home Rentals

If you rent a home to others, you usually must report the rental income on your tax return. However, you may not have to report the rent you get if the rental period is short and you also use the property as your home. In most cases, you can deduct your rental expenses. When you also use the rental as your home, your deduction may be limited. Here are some basic tax tips that you should know if you rent out a vacation home:

- **Vacation Home. A vacation home can be a house, apartment, condominium, mobile home, boat or similar property.**
- **Schedule E. You usually report rental income and rental expenses on Schedule E, Supplemental Income and Loss. Your rental income may also be subject to Net Investment Income Tax.**
- **Used as a Home. If the property is "used as a home," your rental expense deduction is limited. This means your deduction for rental expenses can't be more than the rent you received. For more about these rules, see Publication 527, Residential Rental Property (Including Rental of Vacation Homes).**
- **Divide Expenses. If you personally use your property and also rent it to others, special rules apply. You must divide your expenses between the rental use and the personal use. To figure how to divide your costs, you must compare the number of days for each type of use with the total days of use.**
- **Personal Use. Personal use may include use by your family. It may also include use by any other property owners or their family. Use by anyone who pays less than a fair rental price is also personal use.**
- **Schedule A. Report deductible expenses for personal use on Schedule A, Itemized Deductions. These may include costs such as mortgage interest, property taxes and casualty losses.**
- **Rented Less than 15 Days. If the property is "used as a home" and you rent it out fewer than 15 days per year, you do not have to report the rental income. In this case you deduct your qualified expenses on schedule A.**