

# Renting Your Vacation Home

July 25,2012

Income that you receive for the rental of your vacation home must generally be reported on your federal income tax return.

However, if you rent the property for only a short time each year, you may not be required to report the rental income.

The IRS offers these tips on reporting rental income from a vacation home such as a house, apartment, condominium, mobile home or boat:

•**Rental Income and Expenses** Rental income, as well as certain rental expenses that can be deducted, are normally reported on Schedule E, Supplemental Income and Loss.

•**Limitation on Vacation Home Rentals** When you use a vacation home as your residence and also rent it to others, you must divide the expenses between rental use and personal use, and you may not deduct the rental portion of the expenses in excess of the rental income.

You are considered to use the property as a residence if your personal use is more than 14 days, or more than 10% of the total days it is rented to others if that figure is greater. For example, if you live in your vacation home for 17 days and rent it 160 days during the year, the property is considered used as a residence and your deductible rental expenses would be limited to the amount of rental income.

•**Special Rule for Limited Rental Use** If you use a vacation home as a residence and rent it for fewer than 15 days per year, you do not have to report any of the rental income. Schedule A, Itemized Deductions, may be used to report regularly deductible personal expenses, such as qualified mortgage interest, property taxes, and casualty losses.