

Short Term Real Estate Rentals

Schedule C or Schedule E organizer - quick overview

Quick Overview - aligned section titles	
Purpose	Here is a quick overview of the tax issues related to owning and operating short-term rentals.
Rental Activity Tests	<ul style="list-style-type: none"> The average period of customer use for such property is seven days or less; The average period of customer use for such property is 30 days or less, and significant personal services are provided by or on behalf of the owner of the property in connection with making the property available for use by customers.
Services Examples	Examples of significant personal services are primarily for the tenant's convenience such as regular cleaning, changing linen, or maid service. Substantial services do not include furnishing heat and light, cleaning public areas, collecting trash, and such.
Tax Reporting	If the activity is not treated as a rental, then it will be treated as a trade or business, and the income and expenses, including prorated interest and taxes, will be reported on Schedule C instead of Schedule E. A profitable business activity will be subject to self-employment taxes. An activity producing a loss will not be deductible unless you materially participated in the business activity.
Material Participation	<p>To demonstrate material participation in an activity you must meet one seven tests. The following three are the most common:</p> <ul style="list-style-type: none"> The individual participates in the activity for more than 500 hours during such year; The individual's activity constitutes substantially all of the participation in such activity (including non-owner activity); The individual participates in the activity for more than 100 hours during the taxable year and such individual's participation in the activity for the taxable year is not less than the participation in the activity of any other individual;

Please select all that apply	
	<input type="checkbox"/> The average period of customer use for the property was 7 days or less
	<input type="checkbox"/> The average period of customer use for the property was 30 days or less AND significant personal services were provided by or on behalf of the property owners
	<input type="checkbox"/> The average period of the customer use for the property was 30 days or more
	<input type="checkbox"/> I/We materially participated in the business activity
	<input type="checkbox"/> None of the above

Client confirmation			
Client Name			
Client Signature		Date	