



# ***Information Release***

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## **Tax Realities of Renting Your Vacation Home**

**National Association of Tax Professionals (NATP) Appleton, WI** – With the arrival of summer, many of you are packing up and heading to your vacation homes. For some, the time you are not there is an opportunity to make some extra income by renting out your property. The National Association of Tax Professionals (NATP) reminds you that if you receive income from renting your vacation home to others, you may deduct certain expenses. These expenses, which may include interest, taxes, casualty losses, maintenance, utilities, insurance, and depreciation, will reduce the amount of rental income that is taxed.

“The major message to taxpayers is - keep all records - we’ll handle the computations,” said tax professional Marilyn Meredith, EA, NATP member. “All records mean every expense for the property for the year. Additionally, records should show the days of use by the owner or family members, and the days the property was rented for profit.”

The Internal Revenue Service (IRS) Tax Topic 415 explains that the amount of your deductible expenses depends on how many days you personally use the vacation home. If you are renting to make a profit and do not use the dwelling as a home, your deductible rental expenses can be more than your gross rental income, subject to certain limits. However, if you rent a dwelling that you also use as a home, your deductible rental expenses will be limited. If you itemize, your deductions, mortgage interest, and real estate taxes are deductible regardless of the rental use.

“If a residence is rented out for 14 days or less during the year, rental income is not reported and related rental expenses are not allowed,” explains Susan Spaur, CPA, NATP member. “This works well if your primary or secondary residence is near a short-term event like a Superbowl, NASCAR race or NBA final.”

If you use the dwelling for both rental and personal purposes, you generally must divide your total expenses between the rental use and the personal use based on the number of days used for each

purpose. However you will not be able to deduct your rental expense in excess of your gross rental income.

Professional tax preparers are experts who keep current on tax law changes. They can save you time and offer insight on how to use the tax breaks available to you. Membership in NATP offers added assurance that the tax professional is committed to excellence in the tax profession. NATP members dedicate themselves to continued education and a high code of ethics and professional conduct. Violators are denied membership. To read NATP's code of ethics and to receive a [FREE brochure](#) on 'Finding the Right Tax Professional for You,' visit the NATP Press Room at [www.natptax.com](http://www.natptax.com). To find a preparer in your area, click on the '[Find a Tax Professional](#)' link.

Members of the National Association of Tax Professionals (NATP) work at offices that assist over 11 million taxpayers with tax preparation and planning. The average NATP member has been in the tax business for over 20 years and holds a tax/financial designation and/or a college degree. NATP has more than 18,000 members nationwide. Members include individual tax preparers, enrolled agents, certified public accountants, accountants, attorneys, and financial planners. Learn more at [www.natptax.com](http://www.natptax.com).

NATP is a nonprofit professional association founded in 1979 to serve professionals working in all areas of tax practice through professional education, tax research, and products. The national headquarters, located in Appleton, WI, employs over 40 staff members.

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