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FOR IMMEDIATE RELEASE

Tax Realities of Renting Your Vacation Home

Mt. Prospect, IL – 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. B & E Accounting Services, Inc. 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. 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 Richard Sassan, CPA. “This works well if your primary or secondary residence is near a short-term event like a Super bowl, 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.

B & E Accounting Services are professional tax preparers who keep current on tax law changes. We can save you time and offer insight on how to use the tax breaks available to you.

B & E Accounting Services is located at 800 W Central Rd in Mt. Prospect. Any questions call Richard Sassan, CPA at 847-818-1040 or visit www.beaccounting.com.