TAXES TAMPA

SHORT-TERM RENTAL TAX STRATEGY

A practical guide to our advisory packages, the qualification framework, and the records that support the plan.

PLAN BEFORE THE DECISIONS ARE FIXED.

Purchase timing, average guest stay, personal use, owner participation, placed-in-service dates, and depreciation choices can all change the result. Our role is to evaluate the facts early, model the options, and help you maintain a defensible implementation file.

EVALUATE

Confirm whether the property, operating plan, and household tax profile warrant deeper analysis.

DESIGN

Model ownership, participation, depreciation, documentation, and timing before closing or launch.

IMPLEMENT

Track the facts during the year and revisit the plan before the filing deadline.

Built for first-time buyers, high-income professionals, and multi-state real estate investors.

Educational overview only. Tax outcomes depend on the complete facts and current law; deductions and tax savings are not guaranteed.

THE CORE FRAMEWORK

Two gates determine whether an STR loss may be nonpassive

A cost segregation study can accelerate depreciation, but depreciation is only one part of the analysis. The activity classification and the owner's participation must also be evaluated.

01

Activity classification

A property is not automatically treated as a passive rental activity when an exception applies. A common STR fact pattern is an average customer-use period of seven days or less; other exceptions can involve significant personal services or different operating models.

02

Material participation

The taxpayer must satisfy at least one applicable material-participation test. The familiar 100-hour route is not a stand-alone safe harbor: it generally also requires that no other individual participate more.

03

Loss and deduction limitations

Basis, at-risk rules, business-use limits, personal-use rules, excess business loss rules, and other limitations can still restrict or defer a deduction even when the first two gates are met.

The planning question is not simply "Can I get a cost segregation study?" It is whether the entire fact pattern supports the intended tax treatment and whether the documentation will tell the same story.

STRATEGY	DOCUMENTATION	COMPLIANCE
Property fit, timing, ownership, personal use, participation, depreciation.	Contemporaneous time log, booking history, work product, invoices, calendars, and vendor records.	Return reporting, elections or accounting-method work when applicable, state and local filings.

SERVICE PATHS

Choose the support level that matches your stage

Each engagement is scoped to one taxpayer household and one property unless the proposal states otherwise.

PACKAGE	BEST FOR	CORE DELIVERABLES	INVESTMENT
STR Readiness Assessment Before you start shopping	Investors deciding whether an STR strategy fits their income, time, and risk profile.	Prior-return and goal review 60-minute strategy meeting Written fit assessment Decision checklist and next steps	Project fee Tailored quote
STR Purchase & Tax Plan When evaluating a property	Buyers with a target property, financing assumptions, and a planned operating model.	Two tax scenarios Cash-flow vs. tax comparison Ownership and personal-use review Depreciation / cost-seg review Documentation plan + follow-up	Project fee Tailored quote
STR Annual Advisory Once operating	Active owners who want planning checkpoints, projections, and coordinated year-end execution.	Midyear + year-end meetings Participation-record review Average-stay and personal-use review Projection and depreciation coordination Defined-scope email support	Starting at $5,000/year Complexity adjusted

WHAT IS QUOTED SEPARATELY

- Tax return preparation and amended returns
- Bookkeeping, cleanup, payroll, and lodging-tax filings
- Additional properties, entities, states, or transaction modeling
- Third-party cost segregation studies, appraisals, engineering, and legal work
- IRS or state examination and notice representation

Final scope, timing, communication standards, and fees are confirmed in the engagement letter. Prepayment is required before work begins.

THE CLIENT EXPERIENCE

From opportunity to implementation

The goal is to move major tax decisions earlier—when there is still time to change the operating plan or gather the right evidence.

1	DISCOVER Questionnaire, prior return, income profile, target market, financing, projected use, closing timeline.
2	MODEL Compare realistic scenarios using purchase allocation, operating assumptions, depreciation timing, and tax limitations.
3	DECIDE Identify the preferred path, unresolved legal or lending questions, specialist coordination, and deadlines.
4	DOCUMENT Set up booking, personal-use, and participation records before activity begins; retain proof of work performed.
5	REVIEW Revisit actual average stays, participation, improvements, purchases, and projected taxable income before year-end.

Best time to engage:
Before the purchase contract is final—or as early as possible before the property is placed in service.

What to bring:
Prior return, purchase details, expected personal use, projected stays, financing, and who will perform the work.

MATERIAL PARTICIPATION

The hours matter—but the evidence and type of work matter too

The IRS permits several tests. For many owner-operated STRs, the most discussed routes are more than 500 hours, substantially all participation, or more than 100 hours with no other individual participating more. The correct test depends on the full facts.

POTENTIALLY RELEVANT WORK	RECORDS THAT SUPPORT IT
• Guest communications and issue resolution • Pricing and calendar management • Coordinating and supervising repairs or turnovers • Property inspections and supply management • Creating operating procedures and vendor instructions	• Contemporaneous time log with task and duration • Platform messages and calendar records • Invoices, receipts, and work orders • Emails or texts with cleaners and contractors • Dated checklists, photos, and operating files

WATCH THE DISTINCTION

Investor-type work may be excluded.
Reviewing financial statements, studying reports, monitoring finances in a nonmanagerial capacity, or researching the activity can be treated differently from direct operational and management participation. Time should not be counted merely because it relates to the investment.

A stronger log answers four questions

WHEN?

Date and start/end time or duration.

WHAT?

Specific task—not “worked on Airbnb.”

WHY?

Operational purpose and property.

PROOF?

Message, invoice, photo, file, or calendar.

ILLUSTRATIVE EXAMPLE

Why we model the whole strategy—not just the deduction

This simplified example is for education only. It is not a projection, appraisal, cost segregation study, or promise of tax savings.

HYPOTHETICAL INPUT	ASSUMPTION
Purchase price	$600,000
Illustrative land allocation	$90,000
Illustrative depreciable building basis	$510,000
Owner’s other taxable income	$300,000
Illustrative first-year STR tax loss	$100,000
Illustrative combined marginal rate	35%

$35,000

ILLUSTRATIVE CURRENT-YEAR TAX EFFECT
$100,000 modeled deduction × 35% modeled marginal rate. The actual benefit may be lower, deferred, recaptured later, or unavailable.

Before treating the result as usable, we test:

- Whether the average-stay and service facts remove the activity from the rental definition
- Whether the taxpayer materially participates under an applicable test
- Personal-use and vacation-home limitations
- Basis, at-risk, excess business loss, and other applicable limits
- Placed-in-service date, purchase allocation, eligible assets, and then-current depreciation rules
- State conformity, nonresident filing, and local lodging-tax obligations

Good planning compares timing, cash flow, operating reality, and exit consequences. A larger first-year deduction is not automatically the best economic decision.

READY TO START?

Bring the right facts to the first conversation

PROPERTY

- Address or target market
- Expected closing and placed-in-service dates
- Purchase price and preliminary allocation
- Renovation and furnishing budget

OPERATIONS

- Expected average guest stay
- Who handles pricing, guests, cleaning, and repairs
- Projected owner hours
- Expected personal and family use

TAX PROFILE

- Most recent federal and state returns
- Current-year income estimate
- Existing rentals and suspended losses
- Entity and ownership details

ECONOMICS

- Financing and cash invested
- Projected revenue and expenses
- Hold period and exit plan
- Cost-seg quote, if already obtained

LET’S BUILD YOUR STR TAX PLAN.

Request a tailored proposal at taxestampa.com

TECHNICAL REFERENCES

IRS Publication 925, Passive Activity and At-Risk Rules; IRS Publication 527, Residential Rental Property; Temp. Treas. Reg. §§ 1.469-1T(e)(3) and 1.469-5T; Instructions for Form 4562. Law and administrative guidance can change; this guide should be reviewed periodically.

Taxes Tampa provides tax planning and preparation within the scope of a signed engagement. We do not provide legal advice, property-management services, appraisals, investment recommendations, or guarantees of tax outcomes.