



Vacation Home Rules

Many investors want the best of both worlds: a tax-advantaged rental and a personal getaway. However, the IRS enforces tight "Vacation Home Rules" when personal use exceeds the greater of 14 days or 10% of fair rental days. Crossing this threshold reclassifies the property as a "mixed-use" asset, which strictly limits deductions to the amount of rental income earned. This means you cannot claim a tax loss against other income (but they are carried into the future).

Key Rules

The 14 Day / 10% Threshold

Vacation home status is triggered if your personal use exceeds 14 days or 10% of total rental days (whichever is greater). Once triggered, your expenses are capped at your rental income; excess losses generally carry forward but cannot offset W-2 or other business income.

Family Use Counts As Personal Use

Any day a family member (spouse, sibling, parent, child) uses the property generally counts as a personal day, even if they pay fair market rent, unless the property is their primary residence.

"Work Days" Are Not Personal Use

Days spent working substantially full time on repairs and maintenance do not count toward your personal use limit. You can stay at the property to fix a deck or paint a room without jeopardizing your tax status.

Top FAQs

What counts as a "personal use" day?

Any day used by you, your family (even if they pay full price), or anyone paying below market rent. Maintenance days do *not* count as personal use.

How do I avoid triggering vacation home rules?

Keep personal days under the threshold (14 days or 10% of rental days) by leveraging maintenance days (must be reasonable). If you let family stay, understand those days likely count against your personal limit.

Does renting to friends count as personal use?

Only if you give them a deal. If friends pay full market rates, it is a business rental day. However, if you charge them below market rent, the IRS counts those days as personal use just as if you stayed there yourself.

Vacation home rules don't stop you from enjoying your property—they just require smart tracking. While family stays and friend discounts burn through your personal allowance, legitimate "maintenance days" do not. Use maintenance trips as a strategic lever to visit and repair the property without jeopardizing your tax deductions.



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