

Hospitality Tax Planning Checklist



Lodging property owners commonly miss deductions, depreciation opportunities, and planning deadlines. Use this checklist before filing, or before your next conversation with your CPA.

Step 1: Commonly Missed Deductions

- Linens, towels, and consumable guest supplies**
Fully deductible in year purchased; keep itemized receipts.
- Cleaning & housekeeping services**
Include third-party cleaners and laundry services.
- Platform & booking fees**
Airbnb, VRBO, Booking.com host fees are deductible.
- Photography & staging costs**
Listing photos and seasonal refreshes are a marketing expense.
- Property management fees**
Full management and co-host fees get annual statements.
- Insurance premiums (short-term rental policy)**
Confirm your policy covers STR use. Personal homeowner's doesn't.

Step 2: Depreciation Opportunities

- Cost segregation study completed or evaluated**
Can accelerate 20-40% of property value into 5, 7, or 15-year assets.
- Land value properly excluded from depreciable basis**
Land is never depreciable. Confirm allocation in closing documents.
- Furniture & appliances depreciated separately (5-year property)**
Do not bundle with building. Shorter recovery period applies.
- Qualified Improvement Property (QIP) identified**
Interior improvements after building placed in service = 15-year / bonus eligible.
- Bonus depreciation applied**
100% deduction for qualified property; evaluate impact on passive activity and state taxes.
- Section 179 expensing election reviewed**
Up to \$2.56M (2026 limit) for qualifying assets; state conformity varies.
- Prior-year assets reviewed for missed depreciation**
File Form 3115 to catch up. No amended returns required.

Step 3: Owner-Operator Deductions

- Vehicle mileage logged for property-related trips**
Use IRS-compliant mileage log.
- Travel expenses to inspect or maintain out-of-area property**
Flights, hotels, meals (50%) when travel is primarily business.
- Qualified Business Income (QBI) deduction**
May apply if you meet material participation and income thresholds.
- Retirement plan contributions**
Particularly valuable if rental activity generates self-employment income.
- Interest on loans used to fund improvements or furnishings**
Investment interest rules may apply. Document loan purpose carefully.

Step 4: Quarterly Estimated Tax Deductions

Q1	April 15, 2026	Jan 1 - Mar 31 income
Q2	June 15, 2026	Apr 1 - May 31 income
Q3	September 15, 2026	Jun 1 - Aug 31 income
Q4	January 15, 2027	Sep 1 - Dec 31 income

** Tip: If your rental income is seasonal, consider paying Q2/Q3 estimates early to avoid penalties.

Step 5: Additional Year-Round Planning Items

- Entity structure evaluated (LLC, S-Corp, partnership)**
Review annually. Optimal structure changes with income levels.
- Short-term rental classification confirmed**
Average guest stay less than/equal to 7 days = STR. Different passive activity rules apply.
- Material participation hours logged (for non-passive treatment)**
750+ hours in real estate or more than 50% of working hours. Maintain synchronous log.
- State & local lodging/occupancy tax compliance checked**
Rates, filing frequency, and registration requirements vary by jurisdiction
- Revenue and expense records organized by property**
Separate bank account or accounting code per property is best practice

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