

Rental Real Estate Safe Harbor

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2021

Name(s) as shown on return

Tax ID Number

The requirements in Section 3.03 of Rev. Proc. 2019-38 have been satisfied.

Safe harbor. Solely for the purposes of section 199A, a rental real estate enterprise will be treated as a single trade or business if the following requirements are satisfied during the taxable year with respect to the rental real estate enterprise:

- Separate books and records are maintained to reflect income and expenses for each rental real estate enterprise;
- For rental real estate enterprises that have been in existence less than four years, 250 or more hours of rental services are performed (as described in this revenue procedure) per year with respect to the rental real estate enterprise. For rental real estate enterprises that have been in existence for at least four years, in any three of the five consecutive taxable years that end with the taxable year, 250 or more hours of rental services are performed (as described in this revenue procedure) per year with respect to the rental real estate enterprise; and
- The taxpayer maintains contemporaneous records, including time reports, logs, or similar documents, regarding the following: (i) hours of all services performed; (ii) description of all services performed; (iii) dates on which such services were performed; and (iv) who performed the services. Such records are to be made available for inspection at the request of the IRS. The contemporaneous records requirement will not apply to taxable years beginning prior to January 1, 2020.

Rental properties qualifying for the safe harbor