

**Use this worksheet only if you answer "yes" to all of the following questions.**

- Did you use the dwelling unit as a home this year? (See [Dwelling Unit Used as Home](#).)
- Did you rent the dwelling unit at a fair rental price 15 days or more this year?
- Is the total of your rental expenses and depreciation more than your rental income?

**PART I. Rental Use Percentage**

A. Total days available for rent at fair rental price . . . . .	A.	
B. Total days available for rent (line A) but not rented . . . . .	B.	
C. <b>Total days of rental use.</b> Subtract line B from line A . . . . .	C.	
D. <b>Total days of personal use</b> (including days rented at less than fair rental price) . . . . .	D.	
E. <b>Total days of rental and personal use.</b> Add lines C and D . . . . .	E.	
F. <b>Percentage of expenses allowed for rental.</b> Divide line C by line E . . . . .	F.	

**PART II. Allowable Rental Expenses**

1. Enter rents received . . . . .		1.	
2a. Enter the rental portion of deductible home mortgage interest and qualified mortgage insurance premiums (see instructions) . . . . .	2a.		
b. Enter the rental portion of real estate taxes . . . . .	b.		
c. Enter the rental portion of deductible casualty and theft losses (see instructions) . . . . .	c.		
d. Enter direct rental expenses (see instructions) . . . . .	d.		
e. <b>Fully deductible rental expenses.</b> Add lines 2a–2d. Enter here and on the appropriate lines on Schedule E (see instructions) . . . . .	2e.		
3. Subtract line 2e from line 1. If zero or less, enter -0- . . . . .		3.	
4a. Enter the rental portion of expenses directly related to operating or maintaining the dwelling unit (such as repairs, insurance, and utilities) . . . . .	4a.		
b. Enter the rental portion of excess mortgage interest and qualified mortgage insurance premiums (see instructions) . . . . .	b.		
c. Carryover of operating expenses from 2010 worksheet . . . . .	c.		
d. Add lines 4a–4c . . . . .	d.		
e. <b>Allowable expenses.</b> Enter the <b>smaller</b> of line 3 or line 4d (see instructions) . . . . .	4e.		
5. Subtract line 4e from line 3. If zero or less, enter -0- . . . . .		5.	
6a. Enter the rental portion of excess casualty and theft losses (see instructions) . . . . .	6a.		
b. Enter the rental portion of depreciation of the dwelling unit . . . . .	b.		
c. Carryover of excess casualty losses and depreciation from 2010 worksheet . . . . .	c.		
d. Add lines 6a–6c . . . . .	d.		
e. <b>Allowable excess casualty and theft losses and depreciation.</b> Enter the <b>smaller</b> of line 5 or line 6d (see instructions) . . . . .	6e.		

**PART III. Carryover of Unallowed Expenses to Next Year**

7a. <b>Operating expenses to be carried over to next year.</b> Subtract line 4e from line 4d . . . . .		7a.	
b. <b>Excess casualty and theft losses and depreciation to be carried over to next year.</b> Subtract line 6e from line 6d . . . . .		b.	

**Caution.** Use the percentage determined in Part I, line F, to figure the rental portions to enter on lines 2a–2c, 4a–4b, and 6a–6b of Part II.

**Line 2a.** Figure the mortgage interest on the dwelling unit that you could deduct on Schedule A (as if you were itemizing your deductions) if you had not rented the unit. Do not include interest on a loan that did not benefit the dwelling unit. For example, do not include interest on a home equity loan used to pay off credit cards or other personal loans, buy a car, or pay college tuition. Include interest on a loan used to buy, build, or improve the dwelling unit, or to refinance such a loan. Include the rental portion of this interest in the total you enter on line 2a of the worksheet.

Figure the qualified mortgage insurance premiums on the dwelling unit that you could deduct on line 13 of Schedule A, if you had not rented the unit. See the Schedule A instructions. However, figure your adjusted gross income (Form 1040, line 38) without your rental income and expenses from the dwelling unit. See *Line 4b* below to deduct the part of the qualified mortgage insurance premiums not allowed because of the adjusted gross income limit. Include the rental portion of the amount from Schedule A, line 13, in the total you enter on line 2a of the worksheet.

**Note.** Do not file this Schedule A or use it to figure the amount to deduct on line 13 of that schedule. Instead, figure the personal portion on a separate Schedule A. If you have deducted mortgage interest or qualified mortgage insurance premiums on the dwelling unit on other forms, such as Schedule C or F, remember to reduce your Schedule A deduction by that amount.

**Line 2c.** Figure the casualty and theft losses related to the dwelling unit that you could deduct on Schedule A if you had not rented the dwelling unit. To do this, complete Section A of Form 4684, Casualties and Thefts, treating the losses as personal losses. If any of the loss is due to a federally declared disaster, see the Instructions for Form 4684. On Form 4684, line 19, enter 10% of your adjusted gross income figured without your rental income and expenses from the dwelling unit. Enter the rental portion of the result from Form 4684, line 21, on line 2c of this worksheet.

**Note.** Do not file this Form 4684 or use it to figure your personal losses on Schedule A. Instead, figure the personal portion on a separate Form 4684.

**Line 2d.** Enter the total of your rental expenses that are directly related only to the rental activity. These include interest on loans used for rental activities other than to buy, build, or improve the dwelling unit. Also include rental agency fees, advertising, office supplies, and depreciation on office equipment used in your rental activity.

**Line 2e.** You can deduct the amounts on lines 2a, 2b, 2c, and 2d as rental expenses on Schedule E even if your rental expenses are more than your rental income. Enter the amounts on lines 2a, 2b, 2c, and 2d on the appropriate lines of Schedule E.

**Line 4b.** On line 2a, you entered the rental portion of the mortgage interest and qualified mortgage insurance premiums you could deduct on Schedule A if you had not rented the dwelling unit. If you had additional mortgage interest and qualified mortgage insurance premiums that would not be deductible on Schedule A because of limits imposed on them, enter on line 4b of this worksheet the rental portion of those excess amounts. Do not include interest on a loan that did not benefit the dwelling unit (as explained in the line 2a instructions).

**Line 4e.** You can deduct the amounts on lines 4a, 4b, and 4c as rental expenses on Schedule E only to the extent they are not more than the amount on line 4e.\*

**Line 6a.** To find the rental portion of excess casualty and theft losses, use the Form 4684 you prepared for line 2c of this worksheet.

- A. Enter the amount from Form 4684, line 10 . . . . . \_\_\_\_\_
- B. Enter the rental portion of line A . . . . . \_\_\_\_\_
- C. Enter the amount from line 2c of this worksheet . . . . . \_\_\_\_\_
- D. Subtract line C from line B. Enter the result here and on line 6a of this worksheet . . . . . \_\_\_\_\_

**Line 6e.** You can deduct the amounts on lines 6a, 6b, and 6c as rental expenses on Schedule E only to the extent they are not more than the amount on line 6e.\*

**\*Allocating the limited deduction.** If you cannot deduct all of the amount on line 4d or 6d this year, you can allocate the allowable deduction in any way you wish among the expenses included on line 4d or 6d. Enter the amount you allocate to each expense on the appropriate line of Schedule E, Part I.

Complete lines 1 and 2 for each property. However, fill in lines 23 through 26 on only one Schedule E.

On Schedule E, page 1, line 18, enter the depreciation you are claiming for each property. To find out if you need to attach Form 4562, see *Form 4562*, later.

If you have a loss from your rental real estate activity, you also may need to complete one or both of the following forms.

- Form 6198, At-Risk Limitations. See [At-Risk Rules](#), earlier. Also see Publication 925.

- Form 8582, Passive Activity Loss Limitations. See [Passive Activity Limits](#), earlier.

Page 2 of Schedule E is used to report income or loss from partnerships, S corporations, estates, trusts, and real estate mortgage investment conduits. If you need to use page 2 of

Schedule E, use page 2 of the same Schedule E you used to enter your rental activity on page 1. Also, include the amount from line 26 (Part I) in the “Total income or (loss)” on line 41 (Part V).