

Rental Activities

A rental activity is a passive activity even if you materially participated in that activity, unless you materially participated as a real estate professional.

Real Estate Professional

Generally, rental activities are passive activities even if you materially participated in them. However, if you qualified as a real estate professional, rental real estate activities in which you materially participated are not passive activities. For this purpose, each interest you have in a rental real estate activity is a separate activity, unless you choose to treat all interests in rental real estate activities as one activity.

Qualifications. You qualified as a real estate professional for the year if you met **both** of the following requirements.

- More than half of the personal services you performed in all trades or businesses during the tax year were performed in real property trades or businesses in which you materially participated.
- You performed **more than 750 hours** of services during the tax year in real property trades or businesses in which you materially participated.

See Guide for meeting the “tests” at:

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Passive-Activity-Loss-ATG-Exhibit-2-4-Real-Estate-Professionals>

See also “Publication 527, Residential Rental Property”