Material participation time log

Keep one packet for each property or separately treated activity and tax year. Ask your tax advisor before combining properties.

Owner name

Spouse name, if applicable

Property or activity

Tax year

Grouping decision or advisor notes, if needed

Start here

Use page 2 for your work and your spouse's work, page 3 for other people's hours, and page 4 for guest stays. Page 5 summarizes the seven tests.

Download before typing. Save in your PDF reader, then reopen the file to check your entries. You can also print the blank form and write by hand.

Need more rows? Save a separate copy for each extra sheet and number it. Keep digital copies as separate files so matching fields do not overwrite entries.

Enter totals manually. Exclude rejected hours and hours awaiting review from qualifying totals.

Year-end totals for advisor review

Complete once, using all sheets. Do not count the same work twice.

Owner qualifying hours

Spouse qualifying hours

Combined qualifying hours

Excluded hours

Hours awaiting review

Test to review, 1-7

This is not an IRS form or proof of a deductible loss. Daily logs are not required; reasonable records may establish participation. Nothing is submitted to Basis.

Owner and spouse hours

Use one row per person and task. Enter hours as decimals, such as 0.75 for 45 minutes. Keep emails, invoices, calendars, or other supporting records.

Property or activity

Tax year

Sheet no.

Example only. Enter your own work in the blank rows.

Date MM/DD	Person	Task performed	Hours	Supporting record / review note
03/14	Owner	Coordinated water-heater repair with plumber.	0.75	Plumber email.

Qualifying hours on this sheet

Owner

Spouse

Exclude rejected hours and time awaiting review.

Write "Review" beside uncertain time. Record travel separately. Available or on-call time is not all work time. For a longer entry, use another row and do not repeat the hours.

Other participants' hours

List each person separately, including cleaners, managers, contractors, and co-owners. Enter each person's total for the year. Do not list a company as one person.

Property or activity

Tax year

Sheet no.

Individual name	Role / work performed	Annual hours	Source / how hours were estimated

Complete once, using all sheets

Highest annual hours by another person

That person's name

Use one annual total per person across all sheets. Do not add the same annual total twice. Keep sources for estimates. Your spouse's work belongs on page 2.

For test 3, your qualifying hours plus your spouse's must exceed 100 and be at least as many as each other person's. Test 2 considers everyone's participation.

Guest-stay worksheet

Use this page for one separately treated property. Count the time a guest had the right to use it, even if the guest was not there throughout that period.

Property or activity

Tax year

Sheet no.

Record ID	Start date MM/DD/YY	End date MM/DD/YY	Days of use	Extension / linked stay / supporting record

Annual totals across all sheets

Complete once. Days in included periods divided by periods = average days per period.

Days in included periods

Customer-use periods

Average days per period

Personal-use days

Days rented at a fair rental price

Combine renewals that continue the same right to use the property. Do not count each reservation as a new period automatically. Ask your advisor about year-spanning stays, recurring use rights, multiple properties, and personal-use days.

An average over seven days does not automatically make the activity passive. Other rental-activity exceptions may apply. Personal use can separately limit deductions.

The seven material participation tests

Meeting any one test can establish material participation. Special rules may apply to limited partnership interests. Review the applicable test with your tax advisor.

01 More than 500 hours

You participated for more than 500 hours during the tax year.

02 Substantially all participation

Your work made up substantially all the work done in the activity, counting work by nonowners too. This test does not set a fixed percentage.

03 More than 100 hours, with no one doing more

You participated for more than 100 hours and at least as much as each other person. Equal hours are allowed.

04 Significant participation activities

You spent more than 100 hours in each qualifying trade or business activity, without meeting another test for it. Your total across those activities exceeded 500 hours.

05 Five of the previous ten years

You materially participated in the activity in any five of the ten preceding tax years.

06 Personal service activity

You materially participated in that personal service activity in any three prior tax years. This covers specified service fields or businesses where invested money or property does not contribute significantly to income. It generally does not fit property rentals.

07 Facts and circumstances

Your work was regular, continuous, and substantial, and exceeded 100 hours. Management time is excluded for this test if anyone else was paid to manage or spent more time managing than you did.

Your spouse's work counts toward material participation, but not toward your individual real estate professional qualifying hours.

Before claiming a loss

Confirm the rental-activity exception and personal-use, basis, at-risk, and other loss limits. Cost segregation can accelerate eligible depreciation. It does not establish material participation or guarantee a deductible loss.

Sources: Treasury Regulations 1.469-5T and 1.469-1(e)(3)(iii), IRS Publication 925, and IRS Topic 415. General federal tax information, not individual tax advice.

Read IRS Publication 925