

# HARDING BELL INTERNATIONAL, INC.

FOREIGN & DOMESTIC INVESTMENT TAX & ACCOUNTING SPECIALISTS

## NON-RESIDENT US TAX COMPLIANCE - SHORT TERM RENTAL

Listed below are the primary taxation and compliance issues of which a non-resident owner of US rental property should be aware. Additional information may be found on our website - [www.HBItax.com](http://www.HBItax.com).

**Income Tax** - All property owners residing offshore who receive income from their rental homes, where IRS withholding has not been applied, must file a US Income Tax Return. The US tax year runs January to December and returns are due by June 15th annually. Expenses are offset against the rental income and any relevant losses carried forward year on year until the eventual sale of the property, when losses may be used to minimize any capital gain on the property. Please visit our website for information on personal use of your US property, allocation of expenses, "passive activity loss" and "vacation home loss".

**Tangible Personal Property Tax** is an ad valorem tax assessed against the furniture, fixtures and equipment located in businesses and rental property. Tax returns must be filed to the Property Appraiser's Office by April 1<sup>st</sup>. Tax billing follows processing of the tax return by the county and is sent out on November 1st each year with payment due by March 31st. A \$25,000 exemption applies in Florida, effective January 1<sup>st</sup>, 2008.

**Property or Real Estate Taxes** are payable annually. The Property Appraiser's Office establishes the assessed value of a property and prepares the tax roll. Tax notices are served to the owner's last address of record, or where the property owner pays through an escrow account and their mortgage company has requested to be sent the tax bill, the owner will receive a copy of the notice. Tax statements are normally mailed out on or before November 1st each year.

**Sales & Use Tax and Tourist Development Tax** - If you rent your property for periods of less than six months you will be required to collect and pay Sales & Use Tax and Tourist Development Tax on rental income received. Your management company will usually collect and report all sales and tourist development tax on the rentals that they handle. However, if you receive rental income in your home country, you will need to collect and report sales and tourist development tax on this income either through your management company or direct with the relevant authorities. If you choose to deal directly, you can make application to the State and County to set up these accounts; alternatively, we will prepare and file submissions on your behalf to set up your accounts and assist with the initial filings.

**Bureau of Economic Analysis** - All foreign investments in US business enterprises in which a foreign person owns a 10% or more interest are subject to reporting, including all ownership of real estate, improved and unimproved.

**Local Business Tax** (previously Occupational License) - Required by homeowners who rent their US property. Renewed annually to the Tax Collectors Office (in the County where the rental property is located). The application for this license is usually handled by your managing agent but you may also be required to file if you intend renting your property directly.

**Hotel License** - Each short term rental home must have a Florida Hotel License which is renewed annually. The application and renewal of this license is usually handled by your management company but we recommend that you keep a copy in your personal files.

**Individual Taxpayer Identification Number (ITIN)** - All owners of US rental property, who are not residents of the US, must have an active ITIN. ITINs not used on a US Income Tax Return at least once in three consecutive tax filing years must be renewed.

**Form W-8ECI** - This "Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States" is required by your management company. Without this form in their files, they are required by US Federal law to withhold 30% of your rental income and pay that amount to IRS.

*Please note: - the information and filing deadlines provided above for Tangible Personal Property Tax, Property or Real Estate Tax, Hotel License and Local Business Tax are specific to the State and/or counties of Florida. Please contact our office for information relating to the State where your property is located.*

Whilst some of the above items will be serviced by your management company; the preparation and filing of US Income Tax Return(s) to the IRS, Tangible Personal Property Tax Return(s) to the County and filings to the Bureau of Economic Analysis are usually handled by your US accountant.

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## CALENDAR OF EVENTS 2022

### **JANUARY**

Management companies prepare and send out their Final Statements for the tax year.

US lenders start to mail out Mortgage Interest Statements (Form 1098). Please include a copy with your questionnaire.

Tangible Personal Property Tax Returns are mailed out by the County. If you receive the return in your home country you should sign and mail or email the return to us for completion on your behalf.

Harding Bell International Questionnaire to be completed and returned along with copies of any supporting paperwork.

January 15 - Final Installment of 2021 Estimated payments due

### **FEBRUARY**

FORM W-8BEN. At the beginning of the tax year you may be contacted by your US mortgage company or bank requesting you complete Form W-8BEN with your Taxpayer Identification Number (ITIN). Please visit our website <https://hbitax.com/resource-category/important-forms/> for instructions on completing the form and ensure that your information is only disclosed to your own bank or US mortgage lender. *Form W-9 is only applicable to US residents and should be discarded.*

Hotel License Renewal -Tampa District including Polk County.

### **MARCH**

2022 Tangible Personal Property Tax Returns prepared to report furniture values for all first year filers and furniture values of more than \$25,000 for prior year filers where required.

Form 1042-S due to be filed by management company to both IRS and homeowner to report rental income received on behalf of owner. Due by March 15<sup>th</sup>.

### **APRIL**

April 15<sup>th</sup> – Filing deadline for US citizen and permanent resident (green card holders) income tax returns.

April 15<sup>th</sup> – Filing deadline for foreign-owned U.S. disregarded entities to File Form 5472

April 15<sup>th</sup> – Filing deadline for Report of Foreign Bank and Financial Accounts (FBAR). Applies to US citizens and permanent residents. Civil & criminal penalties may apply to late filers.

April 15<sup>th</sup> – First installment of 2022 estimated tax payment due

2021 Real Estate and Tangible Personal Property Tax Bills become delinquent and penalties and interest start to accrue.

Hotel License Renewal - Orlando District including Orange & Osceola County

### **JUNE**

June 15<sup>th</sup> – Filing deadline for non-resident income tax returns – Extensions filed for papers received after March 31<sup>st</sup> 2021.

June 15<sup>th</sup> – Second installment of 2022 estimated tax payment due

June 15<sup>th</sup> – Deadline to pay 2021 tax liability – Important Note: Extensions of time to file do not extend the time to pay tax

### **AUGUST**

County mails out TRIM notices - assessments for Real Estate and Tangible Personal Property Taxes (where appropriate) for 2022. File appeal regarding the proposed valuation to the Property Appraiser's Office by September 1st.

### **SEPTEMBER**

Local Business Tax Receipt (prev. Occupational License) - renewable by 30<sup>th</sup> September.

September 15<sup>th</sup> – Third installment of 2022 estimated tax payment due

### **NOVEMBER**

County mails out the 2022 Real Estate and Tangible Personal Property Tax Bills. Payment is due by March 31st, 2023 - discounts are available for early payment. The bills can be viewed by visiting the relevant Tax Collector's Website.

### **DECEMBER**

Harding Bell International mails out questionnaire for reporting income and expenditure for 2022 tax year.

Reminder – Sales & Use Tax and Tourist Development Tax Returns must be filed monthly to the Florida Department of Revenue and Tax Collector's Office in the county where your short-term rental property is located. The returns must report all rental income received both in the US and in your home country. Your management company may take care of these filings on your behalf. If you need assistance with prior filings or setting up accounts where your property is self-managed, please contact our office.