

# 12 STR Tax Deductions Most Hosts Miss

If you own an Airbnb or vacation rental, you're likely missing \$20K–\$80K in deductions.

## WHY THIS MATTERS

Cost segregation is responsible for 70–80% of total accelerated savings for most STR owners.

## THE BIG 3

### These account for the majority of your tax savings

#### 1 Cost Segregation

Reclassifies building components from 27.5-year to 5/7/15-year MACRS lives. With 100% bonus depreciation, the reclassified amount is fully deductible in Year 1.

**\$20K–\$80K in Year 1**

#### 2 Bonus Depreciation — 100% in Year 1

The One Big Beautiful Bill Act (2025) permanently restored 100% first-year bonus depreciation. All reclassified components from your cost seg study can be fully deducted in the placed-in-service year.

#### 3 Material Participation — Offset W-2 Income

If you materially participate in your STR (average rental <7 days, 100+ hours/year), losses including accelerated depreciation can offset your W-2 and other active income — no passive activity limitation.

## OTHER DEDUCTIONS YOU MAY BE MISSING

### Items 4–12: check each one you're claiming

**4. Startup costs**  
Furnishing, setup, staging. Amortize or deduct up to \$5K in Year 1.

**6. Professional photography**  
Business expense, fully deductible in the year incurred.

**8. Cleaning & maintenance**  
Turnover cleaning, repairs, supplies — all deductible.

**10. Travel to property**  
Mileage (70¢/mi for 2025), airfare, lodging for management visits. Keep a log.

**5. Furnishings & FF&E**  
5-year or 7-year MACRS property. Often captured in your cost seg study.

**7. Management software**  
PriceLabs, Hospitable, Guesty, etc. Deductible business expense.

**9. Insurance premiums**  
STR-specific policies, liability, umbrella coverage.

**11. Home office deduction**  
If you manage your STR from a dedicated home workspace.

ESTIMATED YEAR 1 TAX SAVINGS · \$500K STR

~\$50,000

At 37% federal rate · 100% bonus depreciation (OBBBA, 2025+)

WHY COST SEG IS THE BIGGEST LEVER

Items 4–12 are worth hundreds to low thousands each.  
Cost seg is worth tens of thousands.

**Most STR owners miss \$30K–\$60K in deductions from cost segregation alone.** A study from Cost Seg Smart starts at \$795 and typically delivers a 30–60x return on investment. STRs typically see higher savings than standard rentals due to more furnishings and shorter-life components.

### Can you use cost seg to offset W-2 income?

- You actively manage your STR (or your management company acts on your behalf)
- You materially participate (100+ hours/year and more than any other individual)
- Average guest stay is under 7 days (short-term rental classification)
- You own the property (or have a depreciable interest via partnership/LLC)

*If you check all four, accelerated depreciation from cost seg can offset your W-2 and other active income. Other material participation tests may also apply — consult your CPA to confirm your status.*

HOW IT WORKS

## Three steps to accelerated depreciation

1

### Order Your Study

Provide property details online. No site visit required.

2

### Receive Your Report

35+ page CPA-ready PDF delivered in under 1 hour.

3

### File & Save

Your CPA files Form 4562 or 3115. You claim the deduction.

See your estimated Year 1 tax savings in 60 seconds

costsegsmart.com — no email or signup required

Studies from \$795