

Proposed Reg. Section 1.280A-2(g)(1)

Deductions for Business Use or Rental of a Dwelling Unit; Proposed Rulemaking.

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(g) *Fair rental in the case of co-owners* -- (1) *In general.* For purposes of sections 280A, this section, and § 1.280A-3, a co-owner of a dwelling unit shall be treated as renting the unit at a fair rental if the co-owner charges an amount that is equal to the fair rental of the entire unit multiplied by that co-owner's fractional interest in the unit.

(2) *Example.* The provisions of this paragraph may be illustrated by the following example:

Example: B and C own undivided one-half interest in a dwelling unit, fair rental for which would be \$100x per month. D rents the unit from B and C for a month. B charges D \$50x for the month's rental, but C charges D only \$20x. B is treated as renting the unit at a fair rental for that month because B charges D \$50x, which is equal to the fair rental of the entire unit (\$100x), multiplied by B's one-half interest in the unit.

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