

SOME LOCAL, STATE AND FEDERAL LAWS YOU SHOULD KNOW IF YOU RENT

Owning rental property in Shenandoah and Rockingham Counties involves several types of taxes at the local, state, and potentially federal levels. **The following information is for general guidance only and should not be considered as professional advice. You should consult with a qualified tax professional or the Shenandoah or Rockingham County Commissioner of the Revenue for personalized advice tailored to your specific situation. Both Shenandoah and Rockingham Counties require building permits through their Offices of Community Development for new buildings and additions and assesses a tax on transient rentals.**

Shenandoah County

1. Real estate taxes

- **Shenandoah County assesses a real estate tax on rental properties.** The tax rate for 2025 is \$0.64 per \$100 of assessed value.
- **Assessment:** Real estate values are assessed at 100% fair market value, and the last general reassessment was effective January 1, 2022.
- **Billing and Payments:** Taxes are billed on a semi-annual basis, due June 5 and December 5, payable to the Shenandoah County Treasurer.

2. Personal property tax

- **Shenandoah County also assesses a personal property tax.** The rate for 2025 is \$4.11 per \$100 of assessed value. This may apply to personal property within the rental unit, such as furniture and appliances.

3. Income tax

- **Virginia state income tax:** Landlords must report all rental income on their state tax returns. This includes rent, late fees, and security deposits not returned to the tenant.
- **Deductions:** Deductible expenses, such as mortgage interest, property taxes, insurance, and maintenance costs, can reduce taxable income. Depreciation is also a significant deduction, allowing recovery of the property's cost over time (typically 27.5 years for residential property).
- **Federal income tax:** Rental income and expenses are generally reported on federal income tax returns (IRS Form 1040, Schedule E).

4. Business license (local)

- **Shenandoah County may require landlords to obtain a business license,** depending on the number of rental properties and the amount of income generated.
- **It is crucial to check with the local Commissioner of the Revenue's office** in Shenandoah County to determine the specific requirements and any associated fees.

5. Transient occupancy tax (short-term rentals)

- **Shenandoah County assesses a 5% Transient Occupancy Tax (TOT) on short-term rentals** (effective October 1, 2023).

- **This tax is applied to the total amount paid for room or space rental at a lodging site, [according to Virginia Tax](#).**
- **Monthly reporting is required for the TOT, even if there is no rental activity.**

Important considerations

- **Virginia's Uniform Statewide Building Code:** All rental units must comply with this code, which sets building regulations and standards.
- **Virginia Residential Landlord and Tenant Act:** This act applies to landlords renting out more than two residential units and outlines the obligations and rights of landlords and tenants.
- **Depreciation:** Landlords can claim depreciation on the building itself but not the land it sits on. It's crucial to separate the value of the building from the land for tax purposes.
- **Record keeping:** Maintaining meticulous records of all income and expenses is essential for proper tax reporting and to support depreciation claims during audits.

Rockingham County:

1. Local taxes (Rockingham County)

- **Real Estate Tax:** This is levied on the property itself. As of the 2025 tax year, the real estate tax rate in Rockingham County is \$0.68 per \$100 of assessed value. The county assesses the value of the property, and this value is multiplied by the tax rate to determine the annual tax bill.
- **Personal Property Tax:** Rental properties may involve personal property used in the business (e.g., furniture in a furnished rental). Rockingham County taxes personal property at a rate of \$3.00 per \$100 of assessed value.
- **Transient Occupancy Tax (for short-term rentals):** If you rent out your property for short periods (less than 30 consecutive days), Rockingham County imposes a transient occupancy tax of 5% of the total amount charged for room or space rental. This applies to hotels, motels, tourist homes, and residences rented for short terms. The tax must be collected from the transient (renter) and remitted to the County Treasurer quarterly.

2. State taxes (Virginia)

- **Virginia Income Tax:** Rental income earned from properties in Virginia is subject to Virginia's state income tax. You'll need to report this income on your Virginia income tax return. For example, if you rent out a portion of your residence for more than 15 days, you are required to declare the income.
- **Sales Tax (on short-term rentals):** In addition to the local transient occupancy tax, short-term rentals in Virginia may also be subject to the Virginia sales tax. Rockingham County's combined state and local sales tax rate in 2024 is 5.3%.
- **Record keeping:** Maintaining meticulous records of all income and expenses is essential for proper tax reporting and to support depreciation claims during audits.