

Work at Home? You May Qualify for the Home Office Deduction

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If you use part of your home for business, you may be able to deduct expenses for the business use of your home. The IRS has the following six requirements to help you determine if you qualify for the home office deduction.

1. Generally, in order to claim a business deduction for your home, you must use part of your home exclusively and regularly:

- as your principal place of business, or
- as a place to meet or deal with patients, clients or customers in the normal course of your business, or
- in any connection with your trade or business where the business portion of your home is a separate structure not attached to your home.

2. For certain storage use, rental use or daycare-facility use, you are required to use the property regularly but not exclusively.

3. Generally, the amount you can deduct depends on the percentage of your home used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.

4. There are special rules for qualified daycare providers and for persons storing business inventory or product samples.

5. If you are self-employed, use Form 8829, Expenses for Business Use of Your Home to figure your home office deduction and report those deductions on Form 1040 Schedule C, Profit or Loss From Business.

6. If you are an employee, additional rules apply for claiming the home office deduction. For example, the regular and exclusive business use must be for the convenience of your employer.

For more information see IRS Publication 587, Business Use of Your Home, available at www.irs.gov or by calling 800-TAX-FORM (800-829-3676).