

gurneeCPA.com, LLC

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Business Use of Your Home Office

Tax Year: _____

Address of Home Office: _____

☐ Shareholder of Corporation ☐ Partner of Partnership ☐ Sole Proprietor/Single Member LLC

An individual cannot take a home office deduction for leasing a portion of his home to his employer. No deduction is allowed when a shareholder rents a portion of his residence to the corporation except mortgage interest and real estate taxes which are still deductible in full on Schedule A, if applicable.

If the home office space meets the above requirements, the employer can reimburse the employee for direct expenses and an allocated amount for utilities and maintenance.

Direct expenses are expenses only for the business part of the home, such as painting or repairs in the area used only for the business. Indirect expenses are expenses for keeping up and running the home such as utilities, general repairs, and insurance.

Qualifications

To qualify to deduct expenses for business use of your home, you must use part of your home:

- ☐ Exclusively and regularly as your principal place of business.
- ☐ Exclusively and regularly as a place where you meet or deal with patients, clients, or customers in the normal course of your trade or business.
- ☐ In the case of a separate structure which is not attached to your home in connection with your trade or business.
- ☐ On a regular basis for certain storage use.
- ☐ To qualify as exclusive use, you must use a specific area only for trade or business.
- ☐ To qualify as regular use, you must use the area on a regular basis; incidental or occasional use is not regular use.

Square Footage

Area used regularly and exclusively for business: _____

Area used for storage of inventory or product samples: _____

Total area of home: _____

Direct Expenses

Fill in the amount you paid personally this tax year; do not include expenses paid by your business:

Repairs and maintenance to the business-only area: \$ _____

Other direct expenses – describe: _____ \$ _____

Indirect Expenses

Fill in the amount you paid personally this tax year:

Homeowners Insurance: \$ _____ Security System: \$ _____

Utilities: \$ _____ Housekeeper: \$ _____

Rent: \$ _____ Repairs/Maintenance for entire home (excluding lawn care): \$ _____

Other indirect expenses – describe: _____ \$ _____

Signature _____

Date _____