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# 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 home office deduction is available for homeowners and renters, and applies to all types of homes.

## Simplified Option

For taxable years starting on, or after, January 1, 2013 (filed beginning in 2014), you now have a [simpler option](#) for computing the business use of your home (IRS Revenue Procedure 2013-13, January 15, 2013). The standard method has some calculation, allocation, and substantiation requirements that are complex and burdensome for small business owners. This new simplified option can significantly reduce recordkeeping burden by allowing a qualified taxpayer to multiply a prescribed rate by the allowable square footage of the office in lieu of determining actual expenses.

## Regular Method

Taxpayers using the regular method (required for tax years 2012 and prior), instead of the optional method, must determine the actual expenses of their home office. These expenses may include mortgage interest, insurance, utilities, repairs, and depreciation. Generally, when using the regular method, deductions for a home office are based on the percentage of your home devoted to business use. So, if you use a whole room or part of a room for conducting your business, you need to figure out the percentage of your home devoted to your business activities.

## Requirements to Claim the Deduction

Regardless of the method chosen, there are two basic requirements for your home to qualify as a deduction:

### 1. Regular and Exclusive Use.

You must regularly use part of your home exclusively for conducting business. For example, if you use an extra room to run your business, you can take a home office deduction for that extra room.

### 2. Principal Place of Your Business.

You must show that you use your home as your principal place of business. If you conduct business at a location outside of your home, but also use your home substantially and regularly to conduct business, you may qualify for a home office deduction. For example, if you have in-person meetings with patients, clients, or customers in your home in the normal course of your business, even though you also carry on business at another location, you can deduct your expenses for the part of your home used exclusively and regularly for business. You can deduct expenses for a

separate free-standing structure, such as a studio, garage, or barn, if you use it exclusively and regularly for your business. The structure does not have to be your principal place of business or the only place where you meet patients, clients, or customers.

Generally, deductions for a home office are based on the percentage of your home devoted to business use. So, if you use a whole room or part of a room for conducting your business, you need to figure out the percentage of your home devoted to your business activities.

**Additional tests for employee use.** If you are an employee and you use a part of your home for business, you may qualify for a deduction for its business use. You must meet the tests discussed above plus:

- Your business use must be for the convenience of your employer, and
- You must not rent any part of your home to your employer and use the rented portion to perform services as an employee for that employer.

If the use of the home office is merely appropriate and helpful, you cannot deduct expenses for the business use of your home.

For a full explanation of tax deductions for your home office refer to [Publication 587, Business Use of Your Home](#). In this publication you will find:

- Requirements for qualifying to deduct expenses (including special rules for storing inventory or product samples).
- Types of expenses you can deduct.
- How to figure the deduction (including depreciation of your home).
- Special rules for daycare providers.
- Tax implications of selling a home that was used partly for business.
- Records you should keep
- Where to deduct your expenses (including [Form 8829, Expenses for Business Use of Your Home](#) (PDF), required if you are self-employed and claiming this deduction using the regular method).

The rules in the publication apply to individuals.