



Use for your business expenses for your individual (Schedule C), corporate (S Corp or LLC) or partnership (regular or LLC) tax returns

Home Office (for individual proprietorship/Schedule C only)

Check if you meet the primary & exclusive use test. If you have questions see below (required for both safe harbor & actual expense methods).

Space (square feet) used exclusively for your business office/storage

Total space (square feet) of your home

Check if you intend to use safe harbor method this year rather than actual expense method (if so, amounts below are not required).

Date home acquired & date home placed in service

Original cost of home & cost of subsequent improvements \$ \$

| | | |
|--|----|----------------------|
| Deductible home mortgage int (100% from Form 1098) | \$ | <input type="text"/> |
| Real estate taxes paid (100%) | \$ | <input type="text"/> |
| Insurance (100%) | \$ | <input type="text"/> |
| Rent (100%) | \$ | <input type="text"/> |
| Repairs & maintenance (whole house) | \$ | <input type="text"/> |
| Repairs & maintenance (specific to business space) | \$ | <input type="text"/> |
| Utilities (100%) | \$ | <input type="text"/> |
| Other expenses at 100% (security, HOA, etc.) | | <input type="text"/> |
| | \$ | <input type="text"/> |
| | \$ | <input type="text"/> |
| | \$ | <input type="text"/> |

HOME OFFICE SAFE HARBOR ADVANTAGES & DISADVANTAGES

- + easier (recordkeeping and calculation of deductions skipped)
- +/- no depreciation (lose current deduction but avoid future recapture)
- limited (both square footage (300) and amount (\$5 x 300 = \$1500))
- no carryover if Schedule C loss (vs. carryover with actual exp.)
- prohibited if any employer reimbursement received
- if Sch. C income, may result in lower deduction & higher income & social security/self-employment taxes
- prohibits use of any prior year actual expense carryover

If you desire an analysis for your situation, check here and complete all the data for the actual expense method:

Home Office Rules for Schedule C Business Entities (not allowed for S Corp or Partnership):

- You must meet one of the following three usage requirements:
 - (1) Separate structure not attached to the dwelling unit that is used exclusively & regularly for your business activity.
 - (2) If within your living structure, a room/space used regularly to physically meet with customers and never used for personal purposes.
 - (3) Or, if within your living structure, a room/space used as the only office space for your business (no commercial location) and you either spend the majority of your time working there (not out of the house) or it is the only suitable place for performing administrative or management activities required by the business. If you sell retail product, it may also include the storage space for the product.
- If you qualify under any one of the three rules above, the home office must be used EXCLUSIVELY for the business.
- It must be regularly used for the business; you must use the home office in connection with your work on a continuous, ongoing or recurring basis. Generally, at least a few hours every week. Occasional or sporadic business usage will not pass the test.