

## Highlights of the simplified option:

- Standard deduction of \$5 per square foot of home used for business (maximum 300 square feet).
- Allowable home-related itemized deductions claimed in full on Schedule A. (For example: Mortgage interest, real estate taxes).
- No home depreciation deduction or later recapture of depreciation for the years the simplified option is used.

## Comparison of methods

Simplified Option	Regular Method
Deduction for home office use of a portion of a residence allowed only if that portion is <b>exclusively</b> used on a <b>regular basis</b> for business purposes	Same
Allowable square footage of home use for business (not to exceed 300 square feet)	Percentage of home used for business
Standard \$5 per square foot used to determine home business deduction	Actual expenses determined and records maintained
Home-related itemized deductions claimed in full on Schedule A	Home-related itemized deductions apportioned between Schedule A and business schedule (Sch. C or Sch. F)
No depreciation deduction	Depreciation deduction for portion of home used for business
No recapture of depreciation upon sale of home	Recapture of depreciation on gain upon sale of home

Deduction cannot exceed gross income from business use of home less business expenses	Same
Amount in excess of gross income limitation may <b>not</b> be carried over	Amount in excess of gross income limitation may be carried over
Loss carryover from use of regular method in prior year may <b>not</b> be claimed	Loss carryover from use of regular method in prior year may be claimed if gross income test is met in current year

## Selecting a Method

- You may choose to use either the simplified method or the regular method for any taxable year.
- You choose a method by using that method on your timely filed, original federal income tax return for the taxable year.
- Once you have chosen a method for a taxable year, you cannot later change to the other method for that same year.
- If you use the simplified method for one year and use the regular method for any subsequent year, you must calculate the depreciation deduction for the subsequent year using the appropriate optional depreciation table. This is true regardless of whether you used an optional depreciation table for the first year the property was used in business.

Full details on the new option can be found in [Revenue Procedure 2013-13](#).

# Home Office Deduction Worksheet

Do not send receipts or bank/credit card statements.

Name of Business (If Applicable)

Do you have a room or separately identifiable space that is used exclusively for your business?

Yes

No

Is this room/area the principal place of business?

Yes

No

Is this space used exclusively for business purposes?

Yes

No

Is this space used regularly for your business?

Yes

No

If you answered "Yes" to all the questions above, please fill out the rest of this worksheet.

What is the square footage of this room/area?

What is the total square footage of the home?

How many rooms are used as your home office?

What is the total number of rooms in your home?\*\*\*\*

## EXPENSES FOR YOUR PRIMARY HOME USED AS HOME OFFICE

### DIRECT EXPENSES\*

### INDIRECT EXPENSES\*\*

Total Rents Paid

Total Mortgage Interest Paid

Total Insurance Expense

Total Real Estate Taxes

Total Homeowners Association

Cleaning & Maintenance



Repairs



Utilities



Internet



\*\*\* Telephone



Security



Others:






**TOTAL EXPENSES**



\*Direct Expenses benefit the business part of your home. Example: cost of painting or repairs made to the specific area or room used for business, installation of a bookshelf, etc.

\*\* Indirect Expenses are required for keeping up and running your entire home. Examples include your utility bills, mortgage interest or rent, insurance, HOA, real estate taxes, repairs, pest control, trash removal, security, and maintenance.

\*\*\*Phone: If you have one phone line in your home, the monthly charge for that phone line is not deductible, but long-distance business calls from that line are considered to be a direct expense. If you put a second line in your house that you use regularly and exclusively for the business, you can deduct the expenses for that line as a direct expense.

\*\*\*\*Includes Kitchen, bedrooms, dining room, family room, living room, etc.; Does not include hallways or bathrooms