

Expenses For Use of your Home

Starting 2013, a simplified option is available to deduct for business use of home
 A standard deduction of \$5 per sq ft of business use(maximum 300 sq ft).

It is a yearly election.

Advantages: no depreciation deduction or recapture
 Home related expenses claimed in full on SCH A
 No records to maintain

Disadvantages: Amount in excess of gross income limit can't be carried over
 Loss carryovers may not be claimed
 Records of all expenses must be maintained

Total area of office(exclusive use) _____ sq feet

TEMPLATE IF USING ACTUAL EXPENSE METHOD

Total area of home _____ sq feet

<u>Expense</u>	<u>Annual cost for entire home</u>
Rent	_____
Mortgage interest	_____
Insurance(homeowners or renters)	_____
Real Estate Tax	_____
Repairs and Maintenance	_____
Electric	_____
Heat - Gas/Propane/Oil	_____
Water/Sewer	_____
Telephone - Primary landline	_____
Other	_____
_____	_____
_____	_____
_____	_____

Current Improvements: Example - roof, addition, large expenditures outlays

<u>Date</u>	<u>Description</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Expense exclusive to office space only - 100% expense

Example - dedicated fax line

<u>Description</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____