CLIENT REPORT:

Five Facts about the Home Office Deduction

With technology making it easier than ever for people to operate a business out of their house, many taxpayers, entrepreneurs and small business people may be able to take a home office deduction when filing their 2009 federal tax return next year.

Here are five important things the IRS wants you to know about claiming the home office deduction.

1. Generally, in order to claim a business deduction for your home, you must use part of your home exclusively and regularly:

- As your principal place of business, or
- As a place to meet or deal with patients, clients or customers in the normal course of your business, or
- In the case of a separate structure which is not attached to your home, it must be used in connection with your trade or business

   For certain storage use, rental use or daycare-facility use, you are required to use the property regularly but not exclusively.

2. Generally, the amount you can deduct depends on the percentage of your home that you used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.

3. There are special rules for qualified daycare providers and for persons storing business inventory or product samples.

4. If you are self-employed, use Form 8829, Expenses for Business Use of Your Home, to figure your home office deduction. Report the deduction on line 30 of Schedule C, Form 1040.

5. Different rules apply to claiming the home office deduction if you are an employee. For example, the regular and exclusive business use must be for the convenience of your employer.

For more information see IRS Publication 587, Business Use of Your Home, available on IRS.gov or by calling 800-TAX-FORM (800-829-3676).

 If you have any questions home office deductions, please contact our office.

Sincerely,

TICE ASSOCIATES, P.C.
1709 W. Market St.
York, PA 17404

Phone: 717-843-9572
Fax: 717-845-1590

Web: www.ticeassociates.com