



# Which home office deduction should you choose?

**Built for business owners who want to maximize their tax deductions**

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## 1 Does Your Home Office Qualify?

Your office **must meet all three** IRS requirements:

- **Exclusive use** – Used only for business (not shared personal space)
- **Regular use** – Used consistently for business activity
- **Principal place of business** – Where you manage, admin, or run the business

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## 2 Choose Your Deduction Method

You may choose **one method per year**. Use whichever gives you the **larger benefit**.

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### Option A: Standard Deduction Method

**Fast, clean, minimal paperwork**

- IRS allows **\$5 per square foot** of office space
- Maximum **300 sq ft**
- **Maximum deduction: \$1,500**

**Your calculation:** Home office square footage: \_\_\_\_\_ sq ft  $\times$  \$5 = \$\_\_\_\_\_ deduction

Best for:

- Smaller office spaces, business owners who want simplicity and minimal record-keeping

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## Option B: Itemized Deduction Method

**More detail, often a larger deduction, 2 step formula**

### Step 1: Business-Use Percentage

Home office square footage ÷ Total home square footage = \_\_\_\_\_ **% business use**

### Step 2: Eligible Home Expenses

*Add up your home's total costs for:*

<input type="checkbox"/> Utilities (electric, water, gas, internet)	<input type="checkbox"/> Homeowners or renters insurance
<input type="checkbox"/> Property taxes	<input type="checkbox"/> Mortgage interest or rent
<input type="checkbox"/> General repairs & maintenance (whole-home)	

*Note: Repairs that benefit **only the office** may be fully deductible.*

Total annual home expenses x % Business use = \$ \_\_\_\_\_ **deduction**

Best for:

- Larger offices, higher home expenses, business owners aiming to maximize deductions

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### Next Steps:

- If the standard deduction is higher, tell your CPA or tax preparer when filing your taxes.
- If itemized is higher, use the worksheet below for a compliant workflow. Provide that worksheet to your CPA or tax preparer to help maximize your allowable home office deduction. As always, all information should be accurate, truthful, and compliant with IRS guidelines. If you have questions or need clarification, reach out to **Betterment Bookkeeping Services LLC**—we're happy to help.

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## Home Office Deduction – Itemized Method Worksheet

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Business Name: \_\_\_\_\_ Tax Year: \_\_\_\_\_ Owner: \_\_\_\_\_

### Home Office Qualification

Office is used **exclusively, regularly**, and is the **principal place of business**

### Square Footage

Office sq ft: \_\_\_\_\_ ÷ Total home sq ft: \_\_\_\_\_ = \_\_\_\_\_ % business use

### Itemized Home Expenses – Annual Totals (Total cost x Business use %)

A. Utilities (electric, water, gas, internet): \$ \_\_\_\_\_ × % \_\_\_\_\_ = \$ \_\_\_\_\_

B. Mortgage interest **or** Rent: \$ \_\_\_\_\_ × % \_\_\_\_\_ = \$ \_\_\_\_\_

C. Property taxes: \$ \_\_\_\_\_ × % \_\_\_\_\_ = \$ \_\_\_\_\_

D. Homeowners / Renters insurance: \$ \_\_\_\_\_ × % \_\_\_\_\_ = \$ \_\_\_\_\_

E. General repairs & maintenance: \$ \_\_\_\_\_ × % \_\_\_\_\_ = \$ \_\_\_\_\_

**Total Home Office Deduction (Add A-E): \$ \_\_\_\_\_**

### Client Attestation

I confirm the information above is accurate and complete.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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*Provide this worksheet to your CPA or tax preparer to help maximize your allowable home office deduction.*

**Notes for Tax Preparer-Repairs listed are general whole-home repairs, office-only repairs not included (if applicable)**  
*Landscaping excluded. Depreciation not calculated here*