



HOME OFFICE DEDUCTION

I **LOVE** this deduction and it's shocking how many taxpayers are afraid of the home office deduction. It's a valid and legitimate write-off that every small business and rental property owner should be taking advantage of.

The trick is just not being too aggressive. Generally, deductions for a home office are based on the percentage of your home devoted to business use.

There are two options to maximize the write off:

- The **Simplified Option** can significantly reduce the record-keeping burden by allowing a qualified taxpayer to multiply a prescribed rate by the allowable square footage of the office in lieu of determining actual expenses. Up to 300 sq. ft at \$5.00 per foot annually (\$1,500 max).
- The **Regular Method** is typically the better option if the business owner has a more expensive residence, home office design, or more square footage. Thus, it's important to consider the bigger write-off and not settle for the simplified option if possible.

