

Worksheet 2: Home Office Deduction

Use this worksheet to figure out your full home office deduction. The information will go on IRS Form 8829, which feeds into Schedule C. Most of the information here will change every year, except for the business percentage and the section related to depreciation.

In order to take full advantage of the home office deduction, the space must be used regularly and exclusively for business purposes – your main place of business – and you must produce taxable income.

Step 1: Figure out the business percentage for your home office

Divide the area of your home office by the total area of your home.

A. Total area of your home (in square feet) _____

B. Area of your home office space (in square feet) _____

Step 2: Calculate the percentage of indirect expenses

Multiply the business percentage you figured out in Step 1 by the applicable whole-home expenses. If you used the space as your home office for only part of the year, you have to prorate these expenses. For example, if you started using a room as your home office on June 1, seven months of expenses would apply, so you would multiply your final figure by 7/12.

Record only those expenses that apply to your home office situation. “Other expenses” could include things like repairs that affected your entire home, Internet access, or pest control services, for example.

Indirect Expenses:

Mortgage interest _____

Property taxes _____

Rent _____

Property insurance _____

Utilities _____

Home security _____

Cleaning service _____

Other indirect expenses (include detail):

Total indirect other expenses _____

Total indirect expenses _____

Step 3: Record the direct expenses

These are costs associated only with the home office, not the rest of the home, and not basic business expenses (like office supplies or postage). These expenses are 100% deductible.

Direct expenses:

Office phone landline _____

Repairs and maintenance _____

Internet connection (if separate) _____

Other direct expenses (include detail):

Total other direct expenses _____

Total direct expenses _____