



Home Office Deduction Worksheet

As with all our forms, you may submit this information electronically using our secure online submit forms. Using this PDF as a work paper and submitting the information electronically is a convenient way of sending your information. Our PDFs are not fillable.

And all online submit forms are converted to a text file and saved in your client portal for historical purposes. You can access our online submit forms here:

www.blueskiestaxservice.com/taxes

Your home office will qualify as your principal place of business if you use it **exclusively** and **regularly** for administrative activities and you have no other fixed location where you conduct substantial administrative activities. For example, you cannot claim a home office deduction if you occasionally work from home, but otherwise have an office at your employer's place of business. **Since the passage of the Tax Cuts and Jobs Act of 2017, you must be self-employed (or an independent contractor) to claim a deduction for your home office.**

However, you may also have two work locations, an office outside the home and an office inside the home provided you perform substantially all your administrative activities in your home office. For example, you are a landscaper with a shop. Your shop has a desk and a phone, but you perform substantially all your administrative activities for your landscaping business from your home office, both work locations count.

Administrative activities include performing bookkeeping, speaking to your tax accountant, employment issues, paying bills, etc.

Aside from exclusively, home offices must also be used regularly. Using a home office one day a week for your small business, for example, will typically not qualify as regularly used. Also, the IRS has now established a safe harbor provision for Home Office Deductions - we will explore this on a case by case basis since there are many pitfalls.

Spoiler Alert- Home offices are not huge tax deductions. The biggest expenses such as mortgage interest and real estate taxes are already being deducted on your tax returns. Home offices will put about \$100 in most taxpayer's pockets. Not huge, but worth a dinner or two. Or 20 footlongs at Subway.

Current Tax Year Home Office Set Up Information

Complete this next section only if you began using a home office in the current tax year or **if you are a new client**. When determining the value of the land, the property assessment from the county assessor can be helpful - we can also help with this too.

Property Address _____

Property City State and Zip

Date Home Office was First Used _____

Original Purchase Price of Home _____

Portion of Price or Value Attributed to Land _____

Area Exclusively Used as Home Office (sq ft) _____

Total Area of Home (sq ft) _____

Fair Market Value

Two things. When you first started using the home office, what was the fair market value of your home including land? And, did you make any improvements to your home overall such as a new deck or roof after purchasing the home?

Expenses

Please send your mortgage interest statements (Form 1098) and any other year-end statements. We will use that information to compute your deduction for mortgage interest, private mortgage insurance (PMI) and real estate taxes.

Please complete the rest of the expenses associated with your home office.

Cleaning, Maintenance _____ Utilities _____

Casualty Losses, Theft _____ HOA Dues _____

Hazard Insurance _____ Other _____

Rent _____ Other _____

Repairs, Maintenance _____

Did you make any improvements to your home office space that was directly related to its business use? For example, a massage therapist might need to install new lighting and sound system specific to massage therapy. If your situation is similar, please explain below.

Home Office Connection

Briefly describe how this home office is used in conjunction with your job or small business below.

How many **hours per week** do you use your home office for your job or small business use? _____

Do you use the space exclusively as a home office? YES NO

Do you have another office that you use at a different location? YES NO

Did you operate a child care facility in your home? YES NO

Disclosure

I(We) verify that the information provided in this **Home Office Deduction Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) personal income tax return.

Taxpayer Signature _____

Date _____

Printed Name _____

Spouse Signature _____

Date _____

Printed Name _____

Please call or email us anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

Blue Skies Tax Service