**Business Use of Home**

Whether you're self-employed, an employee, or a partner, you may be able to deduct certain expenses for the part of your home that you use for business.

To deduct expenses for business use of the home, you must use part of your home as one of the following:

1. Exclusively and regularly as your principal place of business for your trade or business;
2. Exclusively and regularly as a place where you meet and deal with your patients, clients, or customers in the normal course of your trade or business;
3. A separate structure that's not attached to your home used exclusively and regularly in connection with your trade or business;
4. On a regular basis for storage of inventory or product samples used in your trade or business of selling products at retail or wholesale;
5. For rental use; or
6. As a daycare facility.

If the exclusive use requirement applies*, you can't deduct business expenses for any part of your home that you use both for personal and business purposes*. For example, if you're an attorney and use the den of your home to write legal briefs and for personal purposes, you may not deduct any business use of your home expenses. Further, under the principal place of business test, you must determine that your home is the principal place of your trade or business after considering where you perform your most important business activities and where you spend most of your business activity time, in order to deduct expenses for the business use of your home. A portion of your home may qualify as your principal place of business if you use it for the administrative or management activities of your trade or business and have no other fixed location where you conduct substantial administrative or management activities for that trade or business. An employee may only deduct business use of the home expenses when he or she uses the business part of the home exclusively and regularly and for the employer's convenience.

Deductible expenses for business use of your home include the business portion of real estate taxes, mortgage interest, rent, casualty losses, utilities, insurance, depreciation, maintenance, and repairs. In general, you may not deduct expenses for the parts of your home not used for business, for example, lawn care or painting a room not used for business.

**Regular Method -** You compute the business use of home deduction by dividing expenses of operating the home between personal and business use. You may deduct direct business expenses in full, and may allocate the indirect total expenses of the home to the percentage of the home floor space used for business

**Simplified Option -** While taxpayers can still figure the deduction using the regular method, many taxpayers may find the optional safe harbor method less burdensome. [Revenue Procedure 2013-13](https://www.irs.gov/pub/irs-drop/rp-13-13.pdf) allows qualifying taxpayers to use a *prescribed rate of $5 per square foot of the portion of the home used for business (up to a maximum of 300 square feet)* to compute the business use of home deduction.