

# [What are the rules on a home office deduction?](#)

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If you use part of your home for business, you may be able to deduct expenses for the business use of your home, but there are some rules. To qualify to deduct expenses for business use of your home, you must use part of your home:

- Exclusively and regularly as your principal place of business, or,
- Exclusively and regularly as a place where you meet or deal with patients, clients or customers in the normal course of your trade or business, or,
- In the case of a separate structure which is not attached to your home, in connection with your trade or business, or,
- On a regular basis for storage use, or,
- For rental use, or
- As a daycare facility.

Note all the 'or's in the above laundry list.

You do not have to meet the exclusive use test if you either use part of your home for the storage of inventory or product samples, or use part of your home as a daycare facility.

A common scenario is a taxpayer who has a regular office at his or her employer's location, yet also works 2-3 days per week from home. Since you have an office that you use regularly, your home office will **not be** deductible. Your home office will only 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.

So, another scenario erupts from that last sentence- let's say you work predominantly from your home office and you have another location where you occasionally work. As long as you are not conducting any substantial administrative activities at the non-home location, your home office will qualify. Your intent and your actions will speak loudly in this determination.

The IRS has backed down a bit on home office deduction related audits given the quantity of legitimate telecommuters in recent years, yet it remains a hotly contested audit item.

Deductible home office expenses include mortgage interest, insurance, utilities, repairs and depreciation. Click here to [download our Home Office worksheet](#).

If you own an LLC or S-Corp, the home office deduction is typically not available to you. Instead, the IRS wants you to submit expense reports to your company and get reimbursed. Read [Should I have my LLC or S-Corp pay me rent?](#)