

Tax Deductions - Home Based Business

If you are running your business from your home, a percentage of the costs of owning or renting your home may be deductible. The tax deductions for a home based business are generally calculated by dividing the exclusive and regular business use area by the total living area of your home. The business space does not have to be a full room, but it absolutely must be exclusive. You cannot use the area at any time for personal use, even if the personal use is just a day or two of the year.

For example, if your home office is 200 square feet and your home is a total of 2000 square feet, then your deductible percentage is 200/2000 or 10%. (Note that daycare businesses will use a formula based on the number of hours they make the home available to the children.)

Common tax deductible expenses for a home based business:

	Amount
Hazard insurance on house.....	
Mortgage Insurance Premium.....	
Mortgage Interest.....	
Pest Control.....	
Real Estate Taxes.....	
Rent.....	
Repairs and Maintenance.....	
Trash Service.....	
Utilities - electric.....	
Utilities - gas.....	
Utilities - propane.....	
Utilities - water.....	