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## Work-from-Home Write-Offs for 2023



Like millions of other Americans, you may be working from home. (Data shows that the number of people working from home nearly tripled over the past few years). That may make you wonder whether you can claim a home office tax deduction on your federal income tax return. After all, you likely have some unreimbursed expenses. For example, you might pay for printer paper, ink, and other office supplies. Plus, your electric and utility bills are likely higher since you're at home all day, but not every taxpayer can claim the home office deduction.

Here's what you should know about the home office tax deduction before you file your 2023 tax return, according to Kiplinger.

## **Home Office tax deduction: Who qualifies?**

### **Employees miss out**

If you're a regular employee working from home, you can't deduct any of your related expenses on your tax return.

### **Home office tax deduction for self-employed people**

Self-employed people can generally deduct office expenses on [Schedule C \(Form 1040\)](#) whether or not they work from home. This write-off covers office supplies, postage, computers, printers, and all the other ordinary and necessary things you need to run a home office.

The home office tax deduction is an often overlooked tax break for the self-employed that covers expenses for the business use of your home, including mortgage interest, rent, insurance, utilities, repairs, and depreciation.

It doesn't matter what type of home you have (e.g., single family, townhouse, apartment, condo, mobile home, or boat.) You can also claim the home office tax deduction if you worked in an outbuilding on your property, such as an unattached garage, studio, barn, or greenhouse.

Claiming the home office tax deduction might lower your tax bill, but to qualify, you must use part of your home "regularly and exclusively" as your principal place of business. If you only work from home for part of the year, you can only claim the deduction for the period that you can satisfy the "regularly and exclusively" requirements.

"Regular use" means you use a specific area of your home (e.g., a room or other separately identifiable space) for business regularly. Incidental or occasional use of the space for business doesn't count.

"Exclusive use" means you use a specific area of your home only for your trade or business. The space doesn't have to be marked off by a permanent partition. You can't claim the home office deduction if you use the space for business and personal purposes. However, the exclusive use requirement might not apply if you use part of your home:

- For the storage of inventory or product samples; or
- As a daycare facility.

The space must also be used:

- As your principal place of business for your trade or business;
- To meet or deal with your patients, clients, or customers in the normal course of your trade or business; or
- In connection with your trade or business if it's a separate structure that's not attached to your home.

## **How to calculate the home office deduction**

If you qualify, there are two ways to calculate the home office deduction.

- Under the actual expense method, you essentially multiply the expenses of operating your home by the percentage of your home devoted to business use. If you work from home for part of the year, only include expenses incurred during that time.
- Under the simplified method, you deduct \$5 for every square foot of space in your home used for a qualified business purpose. Again, you can only claim the deduction for the time you work from home.

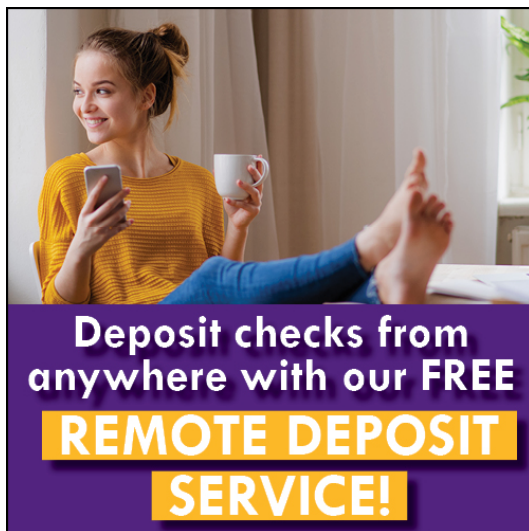
For example, if you have a 300-square-foot home office (the maximum size allowed for this method), and you work from home for three months (25% of the year), your deduction is \$375  $((300 \times \$5) \times 0.25)$ .

If you use the actual expense method to calculate the tax break, also complete [Form 8829](#) and file it with the rest of your tax return.

### Employees with a side business

If you're an employee at a "regular" job, but you also have your own side hustle, you can claim deductions for business expenses and the home office deduction for your own business — if you meet all the requirements. Being an employee doesn't mean you can't also claim the deductions you're entitled to as a self-employed person.

[Article source.](#)



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UNITE Credit Union was established in 1955, and since then has provided financial services to the students, parents of students, alumni, faculty, staff & retirees of the University of Northern Iowa; the employees, families & retirees of MidAmerican Energy & the students, parents of students, alumni, faculty, staff & retirees of the Cedar Falls School District.

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