

## FIND THE KEYS TO HOME OFFICE DEDUCTIONS

Beginning with the 2013 tax return that you'll file this spring, the IRS has approved a new "simplified" method for deducting home office expenses. Granted, the new method is much faster and easier to use. But is the convenience worth it?

In any event, you must meet certain requirements to qualify for home office deductions. The write-off isn't available just because you do work at home.

Generally, you're entitled to deduct home office expenses only if you use part of your home regularly and exclusively as either your principal place of business or a place where you meet or deal with customers, clients, or patients in the normal course of business. In addition, if you're an employee of a company, the home office must be used for your employer's convenience.

If you qualify, you may deduct your actual expenses attributable to the business use of the home under the traditional method or use the new simplified method.

**1. Traditional method:** This includes "direct" expenses, like the cost of painting and decorating the office, and a portion of your "indirect" expenses based on the percentage of the business use of the home. For instance, if you use 10% of your home's square footage as your main place of business, you may deduct 10% of the mortgage interest, property taxes, utilities, repairs, insurance, etc., plus a depreciation allowance. (Note: Mortgage interest and property taxes are usually deductible anyway.)

**2. Simplified method:** You may deduct \$5 per square foot of the part of your home used for business, up to a maximum deduction of \$1,500. It's that easy.

Obviously, the traditional method requires additional recordkeeping, but it will often provide a larger deduction than the simplified method. Have the two methods compared when it's a close call.

The Mangold Group is available to provide professional help with your taxes. Please contact our office at [inquiries@mangoldcpa.com](mailto:inquiries@mangoldcpa.com) or 512-327-0909 if we may assist you.