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businesses and some home-based workers may use to figure their deductions for the business use of their homes.

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The Internal Revenue Service (www.irs.gov) has announced that starting in tax year 2013, there will be a more simple option for many owners of home-based businesses, as well as some home-based workers, to figure the deductions for the business use of their homes.

Nearly 3.4 million taxpayers claimed deductions for business use of a home in 2010, the most recent year for full tax figures. The option will be for tax year 2013, for which returns will be filed by most taxpayers in early 2014.

The new optional deduction, capped at \$1,500 per year based on \$5 a square foot for up to 300 square feet, will reduce the paperwork and recordkeeping burden on small businesses by an estimated 1.6 million hours annually.

“This is a common-sense rule to provide taxpayers an easier way to calculate and claim the home office deduction,” said Acting IRS Commissioner Steven T. Miller. “The IRS continues to look for similar ways to combat complexity and encourages people to look at this option as they consider tax planning in 2013.”

The new option provides eligible taxpayers an easier path to claiming the home office deduction. Currently, they are generally required to fill out a 43-line form ([Form 8829](#)) often with complex calculations of allocated expenses, depreciation and carryovers of unused deductions. Taxpayers claiming the optional deduction will complete a significantly simplified form.

Though homeowners using the new option cannot depreciate the portion of their home used in a trade or business, they can claim allowable mortgage interest, real

estate taxes and casualty losses on the home as itemized deductions on [Schedule A](#).

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The new simplified option is available starting with the 2013 return most taxpayers file early in 2014. Further details on the new option can be found in [Revenue Procedure 2013-13](#), posted today on IRS.gov. Revenue Procedure 2013-13 is effective for taxable years beginning on or after Jan. 1, 2013, and the IRS welcomes public comment on this new option to improve it for tax year 2014 and later years. There are three ways to submit comments.

Income Tax • IRS

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