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now two options for claiming the deduction.

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Millions of Americans now work from home, but many may be missing out on the home office deduction. Even those who do know about may not realize there are now

two options for claiming the deduction.

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expenses are fully deductible and the percentage of the home floor space used for business is assignable to indirect total expenses. Self-employed taxpayers file [Form 1040, Schedule C](#), *Profit or Loss From Business (Sole Proprietorship)*, and compute this deduction on [Form 8829](#), *Expenses for Business Use of Your Home*.

Simplified Method

The second option, the Simplified Method, reduces the paperwork and recordkeeping burden for small businesses. The simplified method has a prescribed rate of \$5 a square foot for business use of the home. There is a maximum allowable deduction available based on up to 300 square feet. Choosing this option requires taxpayers to complete a short worksheet in the tax instructions and entering the result on the tax return. There is a special calculation for daycare providers. Self-employed individuals claim the home office deduction on [Form 1040, Schedule C](#), Line 30; farmers claim it on [Schedule F](#), Line 32 and eligible employees claim it on [Schedule A](#), Line 21.

Regardless of the method used to compute the deduction, business expenses in excess of the gross income limitation are not deductible. Deductible expenses for business use of a home include the business portion of real estate taxes, mortgage interest, rent, casualty losses, utilities, insurance, depreciation, maintenance and repairs. In general, expenses for the parts of the home not used for business are not deductible.

Deductions for business storage are deductible when the dwelling unit is the sole fixed location of the business or for regular use of a residence for the provision of daycare services; exclusive use isn't required in these cases.

Further details on the home office deduction and the simplified method can be found in [Publication 587](#) on IRS.gov.

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