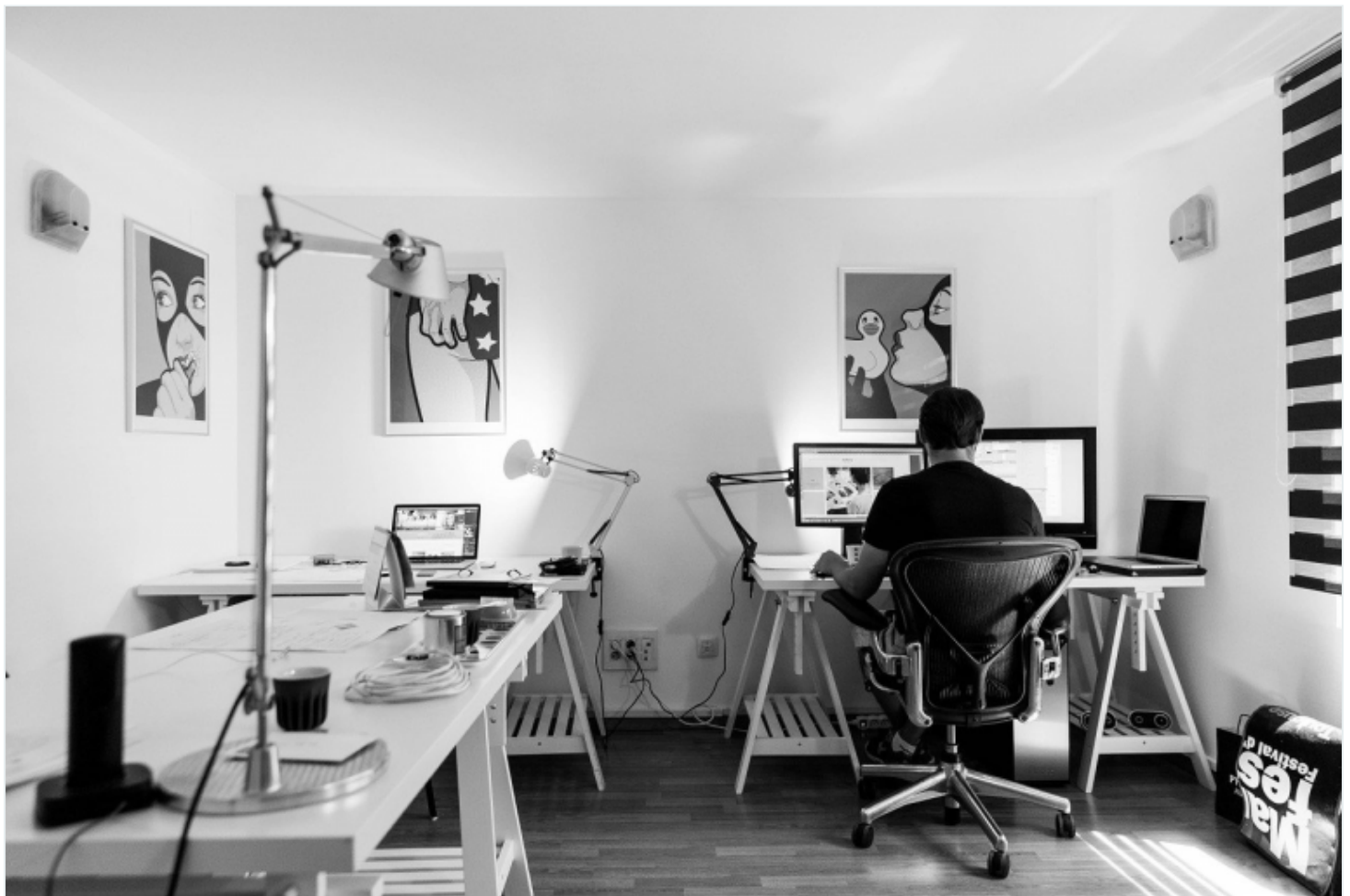


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Sep. 15, 2021



We've been asked this question a lot during the pandemic: Can I deduct home office expenses if I've been working from home? The answer: Probably not. Under the Tax Cuts and Jobs Act (TJA) of 2017, home office deductions for employees have been suspended for 2018 through 2025.

Good news: You can still qualify for home office deductions if you're self-employed as long as you met certain tax law requirements.

Here are the basics. To qualify for home office deductions, you must use at least part

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Another potential hurdle is proving that your home office is your “principal place of business.” The IRS may challenge deductions if you work from multiple locations and claim your home office as your main workplace.

However, your home office will generally qualify as your principal place of business if it is used regularly and exclusively for administrative or management activities and you have no other fixed location for conducting these activities. As a result, the deduction is often available to self-employed taxpayers ranging from physicians to plumbers to Uber drivers.

If you qualify, the tax law allows you to deduct all your direct expenses plus a proportionate amount of your “indirect expenses” based on business use. The list of indirect expenses includes—

- Mortgage interest;
- Property taxes;
- Telephone cost of separate business line and/or fax;
- Utilities (electric, gas, water, etc.);
- Insurance;
- Repairs and home maintenance;
- Home security system fees; and
- Depreciation (based on IRS tables) or rent.

Note: Prior to the TCJA, you could deduct unreimbursed home office expenses as employee business expenses, subject to a floor of 2% of adjusted gross income (AGI) for all your miscellaneous expenses, if the home office was used for the “convenience” of the employer. Not only can self-employed taxpayers still deduct home office expenses, they are claimed without any 2%-of-AGI floor.

Finally, you can maximize the benefits of the home office deduction on your 2021

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