

Many people have found themselves working from home during the COVID-19 pandemic. If you're one of them, you might wonder, "Can I claim the home office deduction on my 2020 tax return?"

The short answer is: Only if you're self-employed.

Employees can no longer claim home office expenses, and even self-employed taxpayers must follow strict rules to claim a deduction.

### Copious Write-Offs

If you qualify, you can deduct the "direct expenses" of the home office, including:

- The costs of painting or repairing the home office, and
- Depreciation deductions for furniture and fixtures used there.

You can also deduct the "indirect" expenses of maintaining the office, including:

- The allocable share of utility costs,
- Depreciation,
- Insurance for your home, plus the
- Allocable share of mortgage interest, real estate taxes and casualty losses.

In addition, if your home office is your "principal place of business," the eligible costs of traveling between your home office and other work locations are deductible transportation expenses, rather than nondeductible commuting costs.

### Deduction Tests

You can deduct your expenses if you meet any of these three tests:

1. **Principal place of business.** You're entitled to deductions if you use your home office, exclusively and regularly, as your principal place of business. Your home office is your principal place of business if it satisfies one of two tests. You satisfy the "management or administrative activities test" if you use your home office for administrative or management activities of your business, and you meet certain other requirements. You meet the "relative importance test" if your home office is the most important place where you conduct business, compared with all the other locations where you conduct that business.
2. **Meeting place.** You're entitled to home office deductions if you use your home office, exclusively and regularly, to meet or deal with patients, clients, or customers. The patients, clients, or customers must physically come to the office.
3. **Separate structure.** You're entitled to home office deductions for a home office, used exclusively and regularly for business, that's located in a separate unattached structure on the same property as your home. For example, this could be in an unattached garage, artist's studio, or workshop.

You may also be able to deduct the expenses of certain storage space for storing inventory or product samples. If you're in the business of selling products at retail or wholesale, and if your home is your sole fixed business location, you can deduct home expenses allocable to space that you use to store inventory or product samples.

### Limitations Apply

The amount of home office deductions for self-employed taxpayers is subject to various limitations. Proper planning is key to claiming the maximum deduction for your home office expenses. [Contact us](#) if you'd like to discuss your situation.