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FINANCIAL EDUCATORS

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Course Information

Course Title: *Home Office Deduction Course #291816*

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

EA, OTRP 3 (All States) IRS: Qualified Sponsor number: *FWKKO*.

CPA: 3.5 (All states)

National Registry of CPE Sponsors ID Numbers: 107615:

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

CLU, ChFC/PACE Recertification: 3.5

Course Description

Home Office Deduction examines the federal income tax deduction for business use of a home. It addresses the qualifications for a home office deduction and the actual expense and simplified methods of determining the deduction. In addition, it discusses the special home-office deduction rules applicable to daycare facilities and the recordkeeping requirements applicable to taking a home office deduction. It considers where the deduction should be taken and the forms a tax preparer should use in connection with the deduction.

This course will examine the federal income tax deduction for business use of a home and will discuss:

- Qualifying for a home office tax deduction;
- Determining a taxpayer's home office deduction using the actual expense and simplified methods;
- The special home-office deduction rules that apply to daycare facilities;
- The taxpayer's home-office deduction recordkeeping requirements; and
- Where to take the deduction and the forms a tax preparer must use in connection with it.

Program Delivery Method: Self-Study (NASBA QAS Self-Study/Interactive)

Subject Codes/Field of Study

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

Course Level, Prerequisites, and Advance Preparation Requirements Program Level

NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation.

Advance Preparation: None

Course Content

Publication/Revision date: 4/22/2016.

Author: Paul J. Winn CLU ChFC

Final exam (online): Twenty-five questions (multiple-choice).

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on page one, studying the chapter-text, then studying the review quiz at the end of the chapter (answers to chapter review quizzes are at the end of the text). Once you have completed each chapter and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- EA credits are reported weekly.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

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Introduction to the Course

Each year the U.S. Census Bureau publishes what it refers to as nonemployer statistics¹ that may provide information about the increased importance of the business use of taxpayers' homes. A "nonemployer," for purposes of the statistics, is defined as a business that has no paid employees, has annual business receipts of at least \$1,000 and is subject to federal income taxes. These nonemployers may be organized as corporations, partnerships or sole proprietorships. Because they have no paid employees, nonemployers are more likely than others to operate their businesses from their homes and seek a home office tax deduction.

The data supplied on nonemployers shows a generally increasing number of these businesses, from a total of 19.5 million in 2004 to 23 million in 2013. In 2013 alone, the number of nonemployers increased by 300,000. Although they have no paid employees, they account for significant receipts. In 2004 they produced receipts of \$887 billion; by 2013, those receipts had grown to \$1.2 trillion, up \$21.1 billion in 2013 alone. Clearly, the likelihood that any tax return preparer will be required to prepare a taxpayer's tax return with a home office deduction is significant and is becoming more likely each year.

This course will examine the federal income tax deduction for business use of a home and will discuss:

- Qualifying for a home office tax deduction;
- Determining a taxpayer's home office deduction using the actual expense and simplified methods;
- The special home-office deduction rules that apply to daycare facilities;
- The taxpayer's home-office deduction recordkeeping requirements; and
- Where to take the deduction and the forms a tax preparer must use in connection with it.

Learning Objectives

Upon completion of this course, you should be able to:

- Apply the home-office deduction qualification rules;
- Identify the types of home office use to which the exclusive use requirement does not apply;
- Describe the various types of taxpayer expenses that may be used to support a deduction for business use of a home;
- Apply the rules applicable to the simplified method of figuring the home-office deduction;
- Identify the tax forms on which a home-office deduction should be taken; and
- Recognize the recordkeeping requirements applicable to documents supporting a taxpayer's home-office deduction.

¹ <http://www.census.gov/econ/nonemployer/index.html>.