



BEACON HILL
FINANCIAL EDUCATORS

51A Middle Street Newburyport MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

Course Information

Course Title: *Home Office Deduction #291824*

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.

CFP® 2 CFP Board sponsor number: 1008.

EA, OTRP 3 IRS: Qualified Sponsor number: *FWKKO*.

CPA: 3 (Accepted in all states)

National Registry of CPE Sponsors ID Numbers: 107615:

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy(for ethics): 002146

Ohio State Board of Accountancy: CPE .51PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Program Delivery Method: QAS Self-Study (interactive)

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.

Course Content

Publication/Revision date: 1/30/2024.

Author: Paul J. Winn CLU ChFC

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

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

Subject Codes/Field of Study

NASBA (CPA), CFP Board of Standards, Inc.: Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements Program Level

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

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.

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least **70%** is required on the exam for this course.

- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

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

Copyright 2024 by Paul J. Winn CLU ChFC

ALL RIGHTS RESERVED. NO PART OF THIS COURSE MAY BE REPRODUCED IN ANY FORM OR BY ANY MEANS WITHOUT THE WRITTEN PERMISSION OF THE COPYRIGHT HOLDER.

All materials relating to this course are copyrighted by Paul J. Winn CLU ChFC. Purchase of a course includes a license for one person to use the course materials. Absent specific written permission from the copyright holder, it is not permissible to distribute files containing course materials or printed versions of course materials to individuals who have not purchased the course. It is also not permissible to make the course materials available to others over a computer network, Intranet, Internet, or any other storage, transmittal, or retrieval system. This document is designed to provide general information and is not a substitute for professional advice in specific situations. It is not intended to be, and should not be construed as, legal or accounting advice which should be provided only by professional advisers.

Table of Contents

Course Information.....	ii
Learning Objectives.....	iii
Table of Contents	v
Introduction to the Course.....	1
Learning Objectives	1
Chapter 1 – Qualifying for a Home Office Deduction	2
Introduction.....	2
Chapter Learning Objectives	2
Home-Office Deduction Requirements.....	2
Exclusive Use Requirement.....	2
Exceptions to Exclusive Use Requirement	3
Storing Inventory or Product Samples.....	3
Use as a Daycare Facility	4
Regular Use for Trade or Business Requirement.....	4
Home Office Used on Regular Basis	4
Home Office Used in Connection with a Trade or Business.....	5
Principal Place of Business Requirement.....	5
Administrative or Management Activities	6
Taxpayers with More than One Trade or Business	6
Exceptions to Principal Place of Business Rule	7
A Place to Meet Patients, Clients or Customers.....	7
A Separate Structure.....	7
Summary	8
Chapter Review.....	9
Chapter 2 – Figuring the Home Office Deduction	10
Introduction.....	10
Chapter Learning Objectives	10
Methods of Figuring the Home-Office Deduction.....	10
Actual Expense Method	10
Nature of the Expense.....	10
Percentage of the Home Used for Business	11
Calculating Percentage of Home Used for Business	11
Deductible Expenses for Home-Office Deduction	12
Expenses Deductible by All Homeowners	12
Expenses Deductible by Taxpayers Using a Home for Business	13
Depreciation	13
Insurance.....	16
Rent Paid on Unowned Property.....	17
Repairs	17
Security System.....	17
Expenses for Utilities and Services	17
Deduction Limit	17
Figuring the Deduction Limit when Taxpayer has Multiple Places of Business	18
Simplified Method	19
Depreciation and Actual Expenses Related to Use of Home not Deductible	19
No Deduction of Actual Expense Carryover	19
Expenses Deductible Irrespective of Business Use	19
Special Rules Applicable to Simplified Method	20

Shared Home Use	20
Multiple Qualified Business Uses	20
More than One Home During the Year	20
Part Year Use or Area Changes	20
Gross Income Limitation	22
Determining the Home-Office Deduction for Daycare Facilities	22
Deducting the Cost of Meals and Snacks	26
Standard Meal and Snack Rates.....	26
Sale or Exchange of a Taxpayer’s Home Used for Business.....	27
Final Regulations on Deduction vs. Capitalization of Tangible Property Costs.....	28
Summary	28
Chapter Review	30
Chapter 3 – Deducting & Recordkeeping.....	31
Introduction.....	31
Chapter Learning Objectives.....	31
Where to Deduct Expenses of a Home Office	31
Self-Employed Taxpayer & Statutory Employee Deduction of Home Office Expenses	31
Expenses Deductible Irrespective of Business Connection.....	31
Deductible Mortgage Interest	31
Real Estate Taxes.....	32
Expenses Deductible only when Home is used for Business.....	33
Actual Expense Method	33
Business Expenses Not for Use of Home	33
Partners’ Deduction of Home-Office Expenses	33
Recordkeeping Requirements.....	34
Summary	35
Chapter Review	36
Answers to Chapter Review Questions.....	37
Chapter 1	37
Chapter 2	37
Chapter 3	38
Glossary.....	40