

Internal Revenue Manual Section 4.10.10-2 (01/11/2011)

Standard Explanation Number 4814, Test for Home Office

4814	Test for home office	<p>In order to qualify for a home office deduction there are certain tests that have to be met. The office area must be used exclusively and regularly for business. Exclusively means you must use the area of your home only for conducting business. If any part of this area is used for personal purposes you have not met the exclusive use test. Regular use means that you use the exclusive business area on a continuing basis. The occasional or incidental business use of an area in your home does not meet the regular use test even if that part of your home is used for no other purpose.</p> <p>In addition, home office deductions are limited by IRC 280A to the gross income from that business activity reduced by the sum of the percentage of the otherwise deductible mortgage interest, real estate taxes, losses from casualty and theft, and deductions allocable to the business or rental activity but not allocable to the use of the unit itself.</p> <p>Since you have not met the requirements for the home office deduction for the above reasons, all the expenses have been disallowed.</p>
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