

STRATEGIC

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Strategic Integrated Planning

Tax Breaks for Commuting from a Home Office

Do you currently have a home office or are planning to set one up in the future, either as your main source of income or as a part-time venture? If so, you should be aware that your transportation costs from your residence to another place of business could either be deductible or nondeductible, for tax purposes, depending on which location is considered to be your principal place of business for that particular business. Although this may sound a bit confusing at first, working through the tax principles may help provide you with a substantial tax deduction.

Home office. The first step in considering whether or not you qualify for the deduction is to determine whether or not you even have a qualifying home office. In order to have a home office:

- * Your home must generally be used, on a regular basis, as the principal place of business for any trade or business of yours. Your home office is considered to be the principal place of business if you use it for conducting administrative or management activities of any trade or business of yours.
- * If you happen to be someone else's employee, the use of your residence must be for the convenience of your employer.

If your residence is your principal place of business, then you will be able to deduct your transportation costs from your residence to another place of business, regardless of whether the other work location is regular or temporary one.

If, on the other hand, your residence is not your principal place of business, then you will not be able to deduct your local transportation costs from your residence, unless you have a regular workplace located away from your residence and you are deducting your transportation costs to a temporary work location.

You should also be careful to note that if you have a principal work location that is outside your residence, but you maintain a second business or office in your residence, then your traveling costs between your residence and the location of your main source of income will be nondeductible commuting expenses.

Please do not hesitate to contact this office if you think you may qualify for a home office commuting expense deduction, or if you have any questions about how to qualify. We would be happy to analyze your tax situation and advise you appropriately. 1-866-657-0246 or jwaage@strategiclawgroup.com