

# Expenses for Business Use of Your Home

Department of the Treasury  
Internal Revenue Service

► File with Schedule C (Form 1040).

**1991**

Attachment  
Sequence No. **66**

► See instructions on back.

Name of proprietor	Your social security number
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## Part I Part of Your Home Used for Business

1 Area used exclusively for business (see instructions). Include area used for inventory storage or as a day-care facility that does not meet exclusive use test . . . . .	1	
2 Total area of home . . . . .	2	
3 Divide line 1 by line 2. Enter the result as a percentage . . . . .	3	%
<ul style="list-style-type: none"> <li>• For day-care facilities not used exclusively for business, also complete lines 4–6.</li> <li>• All others, skip lines 4–6 and enter the amount from line 3 on line 7.</li> </ul>		
4 Total hours facility used for day care during the year. Multiply days used by number of hours used per day . . . . .	4	hr.
5 Total hours available for use during the year (365 days x 24 hours) (see instructions). . . . .	5	8,760 hr.
6 Divide line 4 by line 5. Enter the result as a decimal amount . . . . .	6	
7 Business percentage. For day-care facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3 . . . . .	7	%

## Part II Figure Your Allowable Deduction

		(a) Direct expenses	(b) Indirect expenses	
8 Enter the amount from Schedule C, line 29. (If more than one place of business, see instructions.) . . . . .	8			
9 Casualty losses . . . . .	9			
10 Deductible mortgage interest . . . . .	10			
11 Real estate taxes . . . . .	11			
12 Add lines 9, 10, and 11 . . . . .	12			
13 Multiply line 12, column (b) by line 7 . . . . .	13			
14 Add line 12, column (a) and line 13 . . . . .	14			
15 Subtract line 14 from line 8. If zero or less, enter -0- . . . . .	15			
16 Excess mortgage interest (see instructions) . . . . .	16			
17 Insurance . . . . .	17			
18 Repairs and maintenance . . . . .	18			
19 Utilities . . . . .	19			
20 Other expenses . . . . .	20			
21 Add lines 16 through 20 . . . . .	21			
22 Multiply line 21, column (b) by line 7 . . . . .	22			
23 Carryover of operating expenses from 1990 . . . . .	23			
24 Add line 21 in column (a), line 22, and line 23 . . . . .	24			
25 Allowable operating expenses. Enter the <b>smaller</b> of line 15 or line 24 . . . . .	25			
26 Limit on excess casualty losses and depreciation. Subtract line 25 from line 15 . . . . .	26			
27 Excess casualty losses (see instructions) . . . . .	27			
28 Depreciation of your home from Part III below . . . . .	28			
29 Carryover of excess casualty losses and depreciation from 1990 . . . . .	29			
30 Add lines 27 through 29 . . . . .	30			
31 Allowable excess casualty losses and depreciation. Enter the <b>smaller</b> of line 26 or line 30 . . . . .	31			
32 Add lines 14, 25, and 31 . . . . .	32			
33 Casualty losses included on lines 14 and 31. (Carry this amount to <b>Form 4684</b> , Section B.) . . . . .	33			
34 Allowable expenses for business use of your home. Subtract line 33 from line 32. Enter here and on Schedule C, line 30 . . . . .	34			

## Part III Depreciation of Your Home

35 Enter the <b>smaller</b> of your home's adjusted basis or its fair market value (see instructions) . . . . .	35	
36 Value of land included on line 35 . . . . .	36	
37 Basis of building. Subtract line 36 from line 35 . . . . .	37	
38 Business basis of building. Multiply line 37 by line 7 . . . . .	38	
39 Depreciation percentage (see instructions) . . . . .	39	%
40 Depreciation allowable. Multiply line 38 by the percentage on line 39. Enter here and on line 28 above . . . . .	40	

## Part IV Carryover of Unallowed Expenses to 1992

41 Operating expenses. Subtract line 25 from line 24. If less than zero, enter -0- . . . . .	41	
42 Excess casualty losses and depreciation. Subtract line 31 from line 30. If less than zero, enter -0- . . . . .	42	

## General Instructions

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 52 min.; **Learning about the law or the form**, 7 min.; **Preparing the form**, 1 hr., 13 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions for Form 1040.

### Purpose of Form

Use Form 8829 to figure the allowable expenses for business use of your home on **Schedule C** (Form 1040) and any carryover to 1992 of amounts not deductible in 1991.

You must meet specific requirements to deduct expenses for the business use of your home. Even if you meet these requirements, your deductible expenses are limited. For details, get **Pub. 587**, Business Use of Your Home.

### Who May Deduct Expenses for Business Use of a Home

**General rule.**—You may deduct business expenses that apply to a part of your home **only** if that part is exclusively used on a regular basis:

- As your principal place of business for any of your trades or businesses; or
- As a place of business used by your patients, clients, or customers to meet or deal with you in the normal course of your trade or business; or
- In connection with your trade or business if it is a separate structure that is not attached to your home.

**Exception for storage of inventory.**—You may also deduct expenses that apply to space within your home if it is the **only** fixed location of your trade or business. The space must be used on a regular basis to store inventory from your trade or business of selling products at retail or wholesale.

**Exception for day-care facilities.**—If you use space in your home on a regular basis in your trade or business of providing day care, you may be able to deduct the business expenses even though you use the same space for nonbusiness purposes.

## Specific Instructions

### Part I

**Lines 1 and 2.**—You may use square feet to determine the area on lines 1 and 2. If the rooms in your home are about the same size, you may figure area using the number of rooms instead of square feet. You may use any other reasonable method if it accurately figures your business percentage on line 7.

**Line 4.**—Enter the total number of hours the facility was used for day care during the year.

**Example.** Your home is used Monday through Friday for 12 hours per day for 250 days during the year. It is also used on 50 Saturdays for 8 hours per day. Enter 3,400 hours on line 4 (3,000 hours for weekdays plus 400 hours for Saturdays).

**Line 5.**—If you started or stopped using your home for day care in 1991, you must prorate the number of hours based on the number of days the home was available for day care. Cross out the preprinted entry on line 5. Multiply 24 hours by the number of days available and enter the result.

### Part II

Enter as direct or indirect expenses only expenses for the business use of your home (i.e., expenses allowable only because your home is used for business). Other expenses, such as salaries, supplies, and business telephone expenses, which are deductible elsewhere on Schedule C, should not be entered on Form 8829.

**Direct expenses** benefit only the business part of your home. They include painting or repairs made to the specific area or room used for business. Enter 100% of your direct expenses on the appropriate expense line in column (a).

**Indirect expenses** are for keeping up and running your entire home. They benefit both the business and personal parts of your home. Generally, enter 100% of your indirect expenses on the appropriate expense line in column (b). **Exception:** If the business percentage of an indirect expense is different from the percentage on line 7, enter only the business part of the expense on the appropriate line in column (a), and leave that line in column (b) blank. For example, your electric bill is \$800 for lighting, cooking, laundry, and television. If you reasonably estimate \$300 of your electric bill is for lighting and you use 10% of your home for business, enter \$30 on line 19 in column (a) and leave line 19 in column (b) blank.

**Line 8.**—If all of the gross income from your trade or business is from the business use of your home, enter on line 8 the amount from Schedule C, line 29.

If part of the income is from a place of business other than your home, you must first determine the part of your gross income (Schedule C, line 7) from the business use of your home. In making this determination, consider the amount of time you spend at each location as well as other facts. After determining the part of your gross income from the business use of your home, subtract from that amount the total from Schedule C, line 28. Enter the result on line 8 of Form 8829.

**Lines 9, 10, and 11.**—Enter only the amounts that would be deductible whether or not you used your home for business (i.e., amounts allowable as itemized deductions on **Schedule A** (Form 1040)).

Treat **casualty losses** as personal expenses for this step. Figure the amount to enter on line 9 by completing Form 4684, Section A. When figuring line 17 of Section A, enter 10% of your adjusted gross income excluding the gross income from business use of your home and the deductions attributable to that income. Include on line 9 of Form 8829 the amount from Form 4684, Section A, line 18. See line 27 to deduct part of the casualty losses not allowed because of the limits on Form 4684, Section A.

**Do not** file or use that Form 4684 to figure the amount of casualty losses to deduct on Schedule A. Instead, complete a separate Form 4684 to deduct the personal portion of your casualty losses.

On line 10, include **only mortgage interest** that would be deductible on Schedule A and that qualifies as a direct or indirect expense. Do

not include interest on a mortgage loan that did not benefit your home (e.g., a home equity loan used to pay off credit card bills, to buy a car, or to pay tuition costs).

**Line 16.**—If the amount of home mortgage interest you deduct on Schedule A is limited, enter the part of the excess mortgage interest that qualifies as a direct or indirect expense. Do not include mortgage interest on a loan that did not benefit your home (explained above).

**Line 20.**—If you rent rather than own your home, include the rent you paid on line 20, column (b).

**Line 23.**—If you were unable to deduct all of your 1990 operating expenses due to the limit on the deductible amount, enter on line 23 the amount of operating expenses you are carrying forward to 1991.

**Line 27.**—Multiply your casualty losses in excess of the amount on line 9 by the business percentage of those losses and enter the result.

**Line 29.**—If you were unable to deduct all of your 1990 excess casualty losses and depreciation due to the limit on the deductible amount, enter the amount of excess depreciation and casualty losses you are carrying forward to 1991.

### Part III

**Lines 35 through 37.**—Enter on line 35 the cost or other basis of your home, or if less, the fair market value of your home on the date you first used the home for business. **Do not** adjust this amount for depreciation claimed or changes in fair market value after the year you first used your home for business. Allocate this amount between land and building values on lines 36 and 37.

Show on an attached schedule the cost or other basis of additions and improvements placed in service after you began to use your home for business. Do not include any amounts on lines 35 through 38 for these expenditures. Instead, see the instructions for line 40.

**Line 39.**—If you first used your home for business in 1991, enter the percentage for the month you first used it for business.

<b>Jan.</b>	3.042%	<b>July</b>	1.455%
<b>Feb.</b>	2.778%	<b>Aug.</b>	1.190%
<b>March</b>	2.513%	<b>Sept.</b>	0.926%
<b>April</b>	2.249%	<b>Oct.</b>	0.661%
<b>May</b>	1.984%	<b>Nov.</b>	0.397%
<b>June</b>	1.720%	<b>Dec.</b>	0.132%

If you first used your home for business before 1991 and after 1986, enter 3.175%. If the business use began before 1987 or you stopped using your home for business before the end of the year, see **Pub. 534**, Depreciation, for the percentage to enter.

**Line 40.**—Include on line 40 depreciation on additions and improvements placed in service after you began using your home for business. See **Pub. 534** to figure the amount of depreciation allowed on these expenditures. Attach a schedule showing how you figured depreciation on any additions or improvements. Write "See attached" below the entry space.

Complete and attach **Form 4562**, Depreciation and Amortization, if you first used your home for business in 1991 or you are depreciating additions or improvements placed in service in 1991. If you first used your home for business in 1991, enter on Form 4562, in column (c) of line 14h, the amount from line 38 of Form 8829. Then enter on Form 4562, in column (g) of line 14h, the amount from line 40 of Form 8829.