

Tax Notes

Book Reviews

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THE HOME OFFICE TAX GUIDE.

The Home Office Tax Guide (1992), by **Robert W. Wood**, Tax Institute, San Francisco. Price: \$69.00 plus \$10.00 shipping and handling (California orders add \$5.87 tax).

Attorney **Robert W. Wood** has produced another book that should be of interest to attorneys and accountants whose clients include persons involved in small businesses. The Home Office Tax Guide explains how to get the maximum tax benefits out of the use of one's home for business purposes. Because this book's primary target audience (in theory, at least) is that group of taxpayers considering a home office, the book is written in the second person (for example, "You must meet specific tests to take a deduction for the business use of your home."). This is a successful ploy; because of the clarity of the writing, many of the people sharp enough to be considering a home office, who somehow get hold of this book, will think it is not necessary to contact their tax advisors (even though the author encourages such readers to do so before putting any of his ideas into practice). Fortunately for tax advisors, however, this book is not being marketed to laypersons. I strongly recommend that the publisher reconsider this decision, even if it customarily does not attempt to reach a broader audience with its offerings. Given the plethora of income tax guides that annually flood the book stores, there would seem to be a market for books such as this among the general public.

With that mild reproach out of the way, the question to be addressed now is, "What does this book offer to potential readers who might actually read this review?" The short answer is, The Home Office Tax Guide enables the reader to ask the right questions of a client who uses part of his or her home for business purposes and wishes to extract tax benefits from that use.

For the most part, the book proceeds in a logical manner. The first four chapters will enable most people to determine whether their use of their homes will qualify for tax benefits at all. The key issues are summarized in a well-designed flow chart that contains

each of the threshold tests for deductibility, which are facially simple ("convenience of the employer," "regular and exclusive use," "principal place of business," etc.) but unfortunately misleading unless one reads the text and learns what these tests really mean. These tests are generally fact-specific, so the author supplements his explanations with numerous examples, often based on actual cases.

If it is determined that tax benefits may be available, the reader can proceed to the next three chapters, which explain how to determine the benefits available. These chapters cover partial use of one's home (i.e., how to divide expenses between business and personal use), depreciation of one's home, and limits on deductions. This section of the book explains in a straightforward manner quantitative concepts that may intimidate some people.

The remainder of the book is devoted to miscellaneous topics, all of which can help the reader get additional tax benefits out of the home, but it is here that the logical order of the book falls apart, and also where some of the material could be fleshed out. Two of these chapters cover use of one's home for nonoffice business purposes: as a day care facility, and as rental property; the third discusses tax issues involved in the sale of a home that has been partially used for business purposes; and the fourth covers depreciation deductions for home computers and certain other property used in a business. While certainly useful, these chapters are arranged in what is to this reader's eye, a haphazard order. Additionally, except for the chapter on renting one's home (which is the longest chapter in the book), these chapters could easily be expanded. Instead of citations to IRS publications, why not give the reader the important information to be gleaned from those publications? In this age of one-stop shopping, most readers will want to learn everything they need to know from this book, not be forced to call the IRS for additional materials.

The book concludes with a completed Schedule C (Profit and Loss from Business), Form 8829 (Expenses for Business Use of Your Home), and Form 4562 (Depreciation and Amortization), and a home-office worksheet and instructions for completing it. This material is especially appropriate for persons figuring their own tax liabilities.

Overall, *The Home Office Tax Guide* is a worthwhile investment both for persons considering a home office, and for tax advisors to such persons. If a second edition will be forthcoming, it could be even better.

Tax Analysts Information

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