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Is Your Bathroom Your Home Office?

Unlikely. The cubicle may have come into its own via [Office Space](#) and other iconic movies, but few use their bathroom as an office. An accountant claimed he did but failed to get the coveted home office deduction in [Bulas v. Commissioner](#).

Actually, the bathroom wasn't *really* his office, but he claimed it too since it was adjacent to the bedroom he used as an office. Bulas worked for the IRS for seven years and then for his own accounting firm for decades, preparing approximately 180 to 220 tax returns per year.



Image via silencedmajority

The question was whether it was an *exclusively* business bathroom. Bulas claimed the bedroom—plus the adjacent hallway and bathroom—was exclusively business. Unfortunately, the Tax Court found that his children and other non-business guests *occasionally* used the bathroom too. It wasn't *exclusively* business.

As this case shows, the standards are rigorous. In general, you can't claim tax deductions for a home office, but there are exceptions in [Section 280A\(c\)](#) of the tax code. If you use a portion of your home for business, you may be able to claim a home office deduction, but you generally must use part of your home *exclusively and regularly*:

- As your principal place of business;

- As a place to meet or deal with patients, clients or customers in the normal course of your business; or
- If the business portion of your home is a separate structure not attached to your home, then “in connection with your trade or business” (a more watered-down standard).

Exclusively and regularly for business usually means separate, but a ***section*** of a room can qualify if it is clearly partitioned and you can show personal activities are excluded from the business portion. As the bathroom case shows, exclusive means exclusive. Suppose you work in a room at home for full-time business, working there ten hours a day, seven days a week. Don't let your children use the office to do their homework or you could risk losing your deduction.

Other deduction possibilities include certain storage use, rental use, or daycare-facility use of your home. In these cases, you must use the property ***regularly*** for business, but it doesn't have to be ***exclusively*** for business.

Generally, your deduction depends on the percentage of your home used for business. Plus, deductions for certain expenses are limited if your gross income from your business is less than your total business expenses. See [Tax Tip 2011-53](#).

Employees Beware. If you are an employee, the regular and exclusive business use must be for the convenience of your employer. That usually means the employer must ***require*** you to work at home (get it in writing). If you are self-employed, use [Form 8829](#) to figure your home office deduction and report those deductions on line 30 of Form 1040 [Schedule C](#).

For more, see:

[Don't Try This At Home](#)

[Publication 587, Business Use of Your Home](#)

[Form 8829, Expenses for Business Use of Your Home](#)

[Form 8829 Instructions](#)

[Schedule C, Profit or Loss from Business](#)

[Schedule A, Itemized Deductions](#)

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