



Peter J. LaForte, CPA  
992 High Ridge Rd, 3<sup>rd</sup> Floor  
Stamford, CT 06905

203-968-8461 x1007  
peter@lafortefinancial.com  
[www.lafortefinancial.com](http://www.lafortefinancial.com)

 LaForte Financial Services

 plafortecpa

 Peter LaForte

September 13, 2011

The best way for a corporate owner to deduct home office expenses:

The answer is for corporations to reimburse employee-owners for home office expenses. The concept is easy. The employee-owner submits an expense report that contains the home office and the corporation reimburses that employee business expense.

**Example:** You operate your business as a corporation and incur \$10,000 of office-in-the-home expenses, and submit an expense report to your corporation for \$10,000 in home-office expenses. The corporation deducts the \$10,000 as an office space expense. You, the employee-owner, have no taxable income for your employee expense reimbursement. Full home-office deduction achieved.

For this to work, you need to use an **accountable plan**.<sup>7</sup> The accountable plan requires that you, the owner-employee, must incur the expenses in the performance of your duties for the corporation and substantiate the expenses to the corporation in accordance with the requirements

imposed by the tax law. To meet this requirement your substantiation must show:

- exclusive and regular use of the office in your home
- use of the office for the convenience of your employer
- use of the office as a principal place of business or other qualified
- use under the regulations
- expenses to be reimbursed, including depreciation.

An easy way to accomplish the reimbursement is to complete IRS Form 8829 and attach it to your expense report.