

Advantages Of Starting A Home-Based Business

Home-based businesses are not only great for giving you the freedom to work from your own home and choose your own hours, a home-based business can also offer many tax advantages.

What Can You Claim

There are many things that you are legally allowed to claim for your home-based business and its operation costs. For example, if you have your office set up in your own home and that area alone is used for the sole purpose of your business, you may claim deductions for that space through your business. Further details on how to claim for your own space in your home can be obtained from the IRS.

To figure out the deduction of your home office in relation to your home, you will need to work out the amount of space that your home office takes up. For example, this may be 10% of the total space of your home. Then deduct this amount from your current payments on your home, for example, interest on your mortgage or rental costs.

These deductions also include property tax and, if you already own the home, you may be eligible for depreciation costs. Insurance costs for your home can also be claimed at the same rate as the rental or mortgage deductions.

Other things that can be deducted from your home-based business include remodeling or office furniture that relate directly to your business. These must be only for your business and for no other purpose.

In addition to all of the common things you can claim, including supplies and equipment, there are also other deductions that are often overlooked by those in home based businesses. These include transport costs that are directly related to your home-based business, entertainment of your clients in your business and your taxation preparation costs.

Keep Good Records

Home-based businesses are just the same as any regular business in the terms of record keeping. Keep records of anything that you may want to claim on taxes and make sure you understand what you are within your rights to claim. Keep your records in a safe, organized filing system or archive, that way, if you do get audited, you will have no problem finding relevant documentation of your business.

To find out exactly what you are able to claim and the applicable rates, visit the IRS for further information. Don't spend another year missing out on important deductions for your home-based business.

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About the Author

Looking to start a home-based business? Visit Daniel's website <http://www.MoneyFlowForLife.com> - Sign up with <http://www.DirectMatchesForYou.com> - and find business opportunities, jobs, and friends online.