

# Home Office Expenses

	RUNNING COSTS (Convenience office/study)	OCCUPANCY COSTS (Place of business)
Factors	<ul style="list-style-type: none"> <li>• Office does not constitute a place of business.</li> <li>• Area used for income producing activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly identified as a place of business.</li> <li>• Area used exclusively (or almost) to carry on a business.</li> <li>• Area used regularly for client or customer visits.</li> <li>• Area not readily suitable for use for domestic purposes.</li> <li>• Part of home is used as a taxpayer sole base of operations for income producing activity, no other workplace provided and taxpayer needs place of business.</li> </ul>
Allowable deductions	<ul style="list-style-type: none"> <li>• Electricity and gas</li> <li>• Cleaning</li> <li>• Depreciation (office furniture and equipment)</li> <li>• Leasing charges</li> <li>• Repairs to furniture and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Rent or mortgage interest</li> <li>• Council, water, strata rates</li> <li>• Insurance</li> <li>• Electricity and gas</li> <li>• Cleaning</li> <li>• Depreciation</li> <li>• Leasing charges</li> <li>• Repairs</li> </ul>
Basis of claim	Usually a proportionate claim on area used (e.g. office 12m <sup>2</sup> , house 240m <sup>2</sup> ), claim 5%; in respect of heating, cooling and lighting expenses, a bona fide estimate based on a reasonable percentage of the household annual bill is acceptable.	
General notes	Use or ownership expenses are normally of a private or domestic nature, hence are not deductible. Claims for running expenses usually are limited and unlikely to be significant, but generally the claim is for the additional expenses incurred as a result of income producing activity.	

a clear difference