The Business Space Formula Worksheet

Every formula from this issue, in one place. Plug in your own numbers.

1 · Home Office Deduction (The Basics)

SIMPLIFIED METHOD

$5 × sq ft = deduction

Capped at 300 sq ft — max deduction $1,500

REGULAR METHOD

(office sq ft ÷ home sq ft) × housing costs

Housing costs = rent, utilities, insurance, mortgage interest

My office: ____________ *sq ft ÷* ____________ *sq ft home =* ____________ *% business use*

2 · Building Depreciation (The Strategy)

BUYING — STRAIGHT-LINE DEPRECIATION

(purchase price – land value) ÷ 39 = annual depreciation

Building only — not eligible for Section 179 or bonus depreciation

My building: ____________ *depreciable basis ÷ 39 =* ____________ *per year*

3 · Mixed-Use Allocation (The Deep Dive)

STEP 1 — BUSINESS-USE %

business sq ft ÷ total sq ft = %

Use this same % every year, on every shared expense

STEP 2 — SPLIT AN EXPENSE

business-use % × shared cost = deductible

Only shared costs get split — 100% business/personal don't

My split: ____________ *sq ft ÷* ____________ *sq ft total =* ____________ *% business use*

One formula to remember at sale time: Depreciation Recapture

Depreciation claimed × up to 25% = Taxable recapture at sale

Not covered by the $250,000 / $500,000 home-sale exclusion. The simplified home office method avoids it entirely.

For general guidance only — talk to your tax professional before filing.

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