

Reg. Section 1.280A-2(g)(1)

Deductibility of expenses attributable to business use of a dwelling unit used as a residence.

(a) Scope. This section describes the business uses of a dwelling unit used as a residence for which items may be deductible under an exception to the general rule of section 280A and explains the general conditions for the deductibility of items attributable to those uses. Deductions are allowable only to the extent provided in section 280A(c)(5) and in paragraph (i) of this section. See §1.280A-1 for the general rules under section 280A.

(b) Use as the taxpayer's principal place of business.

(1) In general. Section 280A(c)(1)(A) provides an exception to the general rule of section 280A(a) for any item to the extent the item is allocable to a portion of the dwelling unit which is used exclusively and on a regular basis as the taxpayer's principal place of business.

(2) Determination of principal place of business. For purposes of section 280A(c)(1)(A) and this section, a taxpayer may have only one principal place of business regardless of the number of business activities in which the taxpayer may be engaged. When a taxpayer engages in business activities at more than one location, it is necessary to determine the principal place of the taxpayer's overall business activity in light of all the facts and circumstances. Among the facts and circumstances to be taken into account in determining an individual's principal place of business are the following:

(i) The portion of the total income from business activities which is attributable to activities at each location;

(ii) The amount of time spent in business activities in each location; and

(iii) The facilities available to the taxpayer at each location.

For example, a home office in which a taxpayer engages in business as a self-employed person would rarely qualify as the taxpayer's principal place of business if the taxpayer's primary source of income is wages for services performed in another business on the employer's premises. On the otherhand, if an outside salesperson has no office space except at home and spends a substantial amount of time on paperwork at home, the office in the home may qualify as the salesperson's principal place of business.

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(g) Exclusive use requirement.

(1) In general. Paragraph (b), (c), or (d) of this section may apply to the use of a portion of a dwelling unit for a taxable year only if there is no use of that portion of the unit at any time during the taxable year other than for business purposes. Paragraph (b), (c), or

(d) may apply to a portion of a unit which is used for more than one business purpose.
Necessary repair or maintenance does not constitute use for purposes of this paragraph.

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