

# IRS Form 8829 Worksheet

The expenses on this list align with IRS Form 8829 (Part II Allowable Deductions)

Time-Space Calculation	
Part I. Part of Your Home Used for Business	
Square feet used for business (include your garage, basement, and deck if you use them for business). For example, maybe you have an extra refrigerator in the basement or store toilet paper and paper towels in the garage.	
Total square feet for your home (use the garage, basement, and deck/porch if you use them for business and included them above).	
<b>Divide your business space by your total space</b>	
List the total hours you worked for the year operating your business (the hours that children are in your care plus the hours you worked to support your business such as cleaning, preparing lessons, admin related to billing parents or reconciling accounts, time spent on webinars or trainings, talking to parents, etc.).	
<b>Divide the hours you worked by 8,760</b>	
<b>Multiply the space % by the hour %</b> This is your time-space percentage that will be used to claim a portion of your shared expenses as a business expense.	

## A Closer Look at IRS Form 8829 Part I, Business use of Your Home

Part I Part of Your Home Used for Business			
1	Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions)	1	
2	Total area of home	2	
3	Divide line 1 by line 2. Enter the result as a percentage	3	%
<b>For daycare facilities not used exclusively for business, go to line 4. All others, go to line 7.</b>			
4	Multiply days used for daycare during year by hours used per day	4	hr.
5	If you started or stopped using your home for daycare during the year, see instructions; otherwise, enter 8,760	5	hr.
6	Divide line 4 by line 5. Enter the result as a decimal amount	6	.
7	Business percentage. For daycare facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3	7	%

Line 7 is your time-space percentage.

The **time-space percentage** will be used against the expenses on the back side of this worksheet to determine the percentage of the expense that is allowed as a deduction for business purposes. Expenses that are 100% for business are listed on Schedule C as one part of your overall deductible expense calculation. Form 8829 collects shared expenses (the expenses that are partly for business and partly for personal use). These expenses are multiplied by the time-space percentage to determine the amount of the expense that you can deduct for business purposes.

Part II. Calculating Allowable Deductions for Shared Expenses (Business & Personal Use)		
Category	Description	Total Expenses
<b>Mortgage Interest</b>	Enter the interest you paid on your mortgage for the year, but not your mortgage principal	
<b>Real Estate Taxes</b>	Enter your real estate taxes for the year	
<b>Insurance</b>	Enter your homeowner's insurance	
<b>Rent</b>	If you made rent payments, enter the annual amount paid	
<b>Repairs &amp; Maintenance</b>	If you had repairs and maintenance expenses of a shared nature, list those expenses here	
<b>Utilities</b>	Enter your utility expenses here (e.g., electricity, gas, oil, water, etc.)	
<b>Other Expenses</b>	These are other shared expenses such as internet, cable, phone, common area repairs such as a bathroom or den everyone uses not just the child care children, cleaning services, lawn care, snow removal, leaf raking, laundry machine, dishwasher, etc.	
<b>Total</b>	The total of your shared expenses	

**A Closer Look at IRS Form 8829  
Part II : Allowable Deductions**

Part II Figure Your Allowable Deduction			
8	Enter the amount from Schedule C, line 29, plus any gain derived from the business use of your home, minus any loss from the trade or business not derived from the business use of your home. See instructions.		8
	See instructions for columns (a) and (b) before completing lines 9-22.	(a) Direct expenses	(b) Indirect expenses
9	Casualty losses (see instructions)	9	
10	Deductible mortgage interest (see instructions)	10	
11	Real estate taxes (see instructions)	11	
12	Add lines 9, 10, and 11	12	
13	Multiply line 12, column (b), by line 7		13
14	Add line 12, column (a), and line 13		14
15	Subtract line 14 from line 8. If zero or less, enter -0-		15
16	Excess mortgage interest (see instructions)	16	
17	Excess real estate taxes (see instructions)	17	
18	Insurance	18	
19	Rent	19	
20	Repairs and maintenance	20	
21	Utilities	21	
22	Other expenses (see instructions)	22	
23	Add lines 16 through 22	23	
24	Multiply line 23, column (b), by line 7		24
25	Carryover of prior year operating expenses (see instructions)	25	
26	Add line 23, column (a), line 24, and line 25		26
27	Allowable operating expenses. Enter the smaller of line 15 or line 26		27
28	Limit on excess casualty losses and depreciation. Subtract line 27 from line 15		28
29	Excess casualty losses (see instructions)	29	
30	Depreciation of your home from line 42 below	30	
31	Carryover of prior year excess casualty losses and depreciation (see instructions)	31	
32	Add lines 29 through 31		32
33	Allowable excess casualty losses and depreciation. Enter the smaller of line 28 or line 32		33
34	Add lines 14, 27, and 33		34
35	Casualty loss portion, if any, from lines 14 and 33. Carry amount to Form 4684. See instructions		35
36	Allowable expenses for business use of your home. Subtract line 35 from line 34. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions		36

Line 23 asks you to total all of your shared expenses. Line 24 then multiplies that total by the time-space percentage – line 7 is on the front side of this explainer document. The result is the amount of your shared expenses that you are allowed to claim as a deduction for business purposes.