

Subject: Greenleaf Newsletter: Tips for Problem-Free Tax Filing; Qualifying for the Home Office Deduction.
Date: Friday, January 28, 2022 at 10:39:50 AM Pacific Standard Time
From: Greenleaf Financial Group
To: info@greenleaf-fg.com

***Hello Greenleaf,
Welcome to Our Client Newsletter***

In This Issue:

- **Tips for Problem-Free Filing of Your Tax Return**
- **Question: I Worked From Home Last Year. Can I Claim the Home Office Deduction on My Tax Return?**
- **Market News: Stocks Tumble in January**

Tips for Problem-Free Filing of Your Tax Return

During the first six months of 2021, the IRS received 16,000 phone calls for each available staffer for a total of more than 240 million phone calls. Not surprisingly, only about 34% of the calls were answered.

Now, as we head into a new tax season, the IRS is still contending with a backlog of some 9.8 million returns with errors, 2.8 million business returns, and 2.3 million amended returns.

If you typically receive a refund and want to make sure you receive it quickly -- or if you just want to file your return and move on to other things -- tax experts recommend the following:

File Before April and File an Error-Free Return

If you use a tax preparer, start gathering your

Question: I Worked From Home Throughout 2021. Can I Claim the Home Office Deduction on My Tax Return?

Answer: If you are self-employed, a small business owner, or entrepreneur, then, yes, you may be eligible for this deduction. (See more details below.)

If you are an employee and are not self-employed, then you can *not* claim this deduction.

Requirement One: Exclusive Use

In order to qualify for a home-office deduction, you must first have an area of your home that is used solely for conducting business. You can be a homeowner or renter or use a studio, garage, or other space.

Requirement Two: Principal Place of

Market News: Stocks Tumble in January

Stocks have experienced a tumultuous January with the riskiest stocks leading the way down.

Investors have fled from higher-risk companies including unprofitable tech stocks, start-ups, and biotech companies without any approved drugs. The NASDAQ Composite Index, which includes many such companies and is tech-heavy, has dropped -13% in 2022.

Although the economy is soaring -- the most recent GDP data shows the highest growth rate since 1984 -- such growth is producing inflation. Moreover, companies that flourished in a pandemic economy are now facing headwinds.

In contrast, the energy sector has rebounded as

materials now and submit them to your preparer as soon as possible.

Look at last year's return for guidance and remember to include new documents if you refinanced a loan or opened new accounts. Be sure to complete your tax preparer's questionnaire so as not to miss any tax-saving opportunities.

If you moved, make sure all entities -- including the IRS - have your new address before you file.

If you are your own tax return preparer, do not wait until the filing deadline looms to begin. A hastily prepared and filed return is likely to have errors. Since errors and amended returns are reviewed manually, processing of such returns will add weeks to the process.

Use the [IRS website](http://www.irs.gov) www.irs.gov for information and advice. There's no better source for accurate guidance.

Embrace Paper-Less Approaches

Brokerage firms such as Fidelity, mortgage providers, and others will provide electronic documents several days earlier than a mailed document will reach you. Check online and download or print your documents.

If you aren't sure how you receive tax documents from Fidelity, we will gladly check for you.

Those who file electronically, provide direct deposit

Business

In addition, your dedicated space must also be your principal place of business. If you do all your administrative tasks (including billing and keeping books and records) from the local coffee shop, then you do not meet this requirement.

Two Methods to Determine Your Deduction

You can choose between two calculations methods, though you must then use your chosen method consistently.

The simplified approach is to determine the square footage of your space with a limit of 300 square feet. Calculate your square footage by \$5 to determine your deduction. The maximum deduction for this method is \$1,500.

Alternately, you may deduct actual expenses such as home insurance, utilities, and real estate taxes based on the percentage of your business use proportionate to your overall home space. For example, if your expenses were \$5,000 and your home office is 10% of your home's overall square footage, then your deduction is \$500.

Use [Form 8829](#) to determine which expenses qualify and which method is best for you.

Depreciation and Other Considerations

Just as you do with other aspects of your business, keep good records of your

demand for energy continues to increase. Energy stocks have enjoyed double-digit gains during the first four weeks of 2022. Financial stocks have also seen share-price increases as higher interest rates will help their core businesses.

Investors have fretted over inflation, interest-rate rises, and the end of stimulus spending. However, while it's clear that a near-perfect environment for investors is coming to an end, this doesn't mean companies won't be profitable and investors should stop investing altogether. It simply means the easy pickings have been harvested. Investors need to be choosier and stocks will have to stand on their own merits, rather than be helped along by expansive fiscal policy.

We expect choppy markets to continue for some months. However, inflation will moderate, stability will return, and businesses will still prosper. Companies with strong balance sheets and the ability to produce free cash flow will be good longer-term investments. Those that can innovate and treat all stakeholders well will also continue to be good investments.

information, and submit a problem-free return, will receive refunds about three weeks after submitting their returns.

claimed expenses.

If you use the actual-expense method, you're required to depreciate the value of your home. This depreciation will, in turn, be subject to capital gains taxes when you sell your home.

The rules on tax deductions for a home office can have future ramifications. Please consult with your tax advisor or review your tax software's guide carefully.

California

Jennifer Hartman, CFP
jhartman@greenleaf-fg.com
323-395-8801
1239 S. Rimpau Blvd.
Los Angeles, CA 90019



GREENLEAF FINANCIAL GROUP
PRACTICAL SOLUTIONS | PERSONAL ADVICE | PROGRESSIVE IDEAS

Indiana

Kathleen Hartman, CFP, CFA
khartman@greenleaf-fg.com
317-993-3384
13295 Illinois St., Suite 322
Carmel, IN 46032

www.greenleaf-fg.com

Greenleaf Financial Group | 13295 Illinois Street, Suite 322, Carmel, IN 46032

[Unsubscribe info@greenleaf-fg.com](mailto:info@greenleaf-fg.com)

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by khartman@greenleaf-fg.com powered by



Try email marketing for free today!