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Business-use-of-home expenses

You can deduct expenses for the business use of a work space in your home, as long as you meet one of the following conditions:

- it is your principal place of business; or
- you use the space only to earn your business income, and you use it on a regular and ongoing basis to meet your clients, customers, or patients.

You can deduct part of your maintenance costs such as heat, home insurance, electricity, and cleaning materials. You can also deduct part of your property taxes, mortgage interest, and [CCA \(capital cost allowance\)](#). To calculate the part you can deduct, use a reasonable basis such as the area of the work space divided by the total area of your home.

If you use part of your home for both your business and personal living, calculate how many hours in the day you use the rooms for your business, and then divide that amount by 24 hours. Multiply the result by the business part of your total home expenses. This will give you the household cost you can deduct. If you run the business for only part of the week or year, reduce your claim accordingly.

For more information, see [Interpretation Bulletin IT-514, Work Space in Home Expenses](#).

The [capital gain](#) and recapture rules will apply if you deduct [capital cost allowance](#) on the business use part of your home and you later sell your home.

If you rent your home, you can deduct the part of the rent and any expenses you incur that relate to the workspace.

The amount you can deduct for business use of home expenses cannot be more than your net income from the business before you deduct these expenses. In other words, you cannot use these expenses to increase or create a business loss.

You can deduct the **lesser of** the following amounts:

- any amount you carried forward from the previous year, plus the business use of home expenses you incur in the current year; or
- the amount of net income (loss) after adjustments.

In your next fiscal period, you can use any expense you could not deduct in the current year, as long as you meet one of the two previous conditions. You also use the same rules.

To help calculate your business-use-of-home expenses, complete the "Calculation of business-use-of-home expenses" on Form T2125, Part 8. For an example of the calculation of these expenses, go to [Calculating business-use-of-home expenses](#). The expenses you claim cannot have been claimed

elsewhere on Form T2125.

Forms and publications

- [Guide T4002, Business and Professional Income](#)
- [Form T2125, Statement of Business or Professional Activities](#)
- [Interpretation Bulletin IT-514, Work Space in home expenses](#)

Related topics

- [Calculating business-use-of-home expenses](#)

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