



Home office good for some start-ups□□

On March 24, the Green Bay SCORE Chapter will present Innovative Options for Locating Your Business as part of the Entrepreneurial Innovation Series at the Business Assistance Center at Northeast Wisconsin Technical College. In the next few weeks, this column will feature some of the wide range of options starting with a home office.

When you're doing a start-up, expenses are one of the strongest considerations, and that makes home offices attractive. However, they aren't for everyone. Depending on the type of business, the zoning laws may not allow it. Then there are other issues such as tax code compliance and having enough space.

Steve Greenfield, owner of Greenfield Invention and Patent Consultants Inc. and Green Bay SCORE counselor, has experienced the pros and cons.

"For me, it boiled down to the fact that I had no employees and, as an empty nester, a big house with lots of space," he said. "I work in the family room and have an office upstairs. The biggest advantage is that I can have papers everywhere."

Greenfield's business is unique in that it has strong confidentiality issues, and a home office allows him to contain information. Client meetings are held elsewhere, because he doesn't consider most homes conducive to meetings.

Since he spreads out around the house, Greenfield is not taking a home office tax deduction.

"In order to claim a deduction, a specific area must be used exclusively and regularly as your principal place of business," said Mary Guldán-Lindstrom, SCORE counselor and owner of FOCU\$ CPA. "A dining room or occasional use of a den will not qualify."

In addition, Guldán-Lindstrom said that you must meet clients on a regular basis, activities must be part of your trade or business, and you must be self-employed. Employees do not qualify.

taxes, utilities, homeowner's insurance and home depreciation can be claimed as a deduction. If a home office meets the requirements, the business portion of mortgage interest, real estate The business portion is based on the square footage used exclusively for the business compared

to the whole house, and deductions are limited to the profit reported by the trade or business. Guldán-Lindstrom noted that it's important to keep receipts in the event of an audit.

Greenfield plans on staying at home until he hires an employee. He has plenty of work, but has had a difficult time finding a person certified by the [U.S. Patent](#) office. Until that happens, he is using "virtual tenancy" space, a topic that will be covered in next week's column.

Meanwhile, Greenfield will continue his practice of working all hours of the day and night in the convenience of his home. While discipline might be an issue for some, he does not have that problem. It's also important to get out of the house.

"I get out during the week for client meetings or volunteer activities," Greenfield said. "Not interacting with other people can be a real disadvantage."

**Tina Dettman-Bielefeldt is co-owner of DB Commercial Real Estate in Green Bay and assistant district director for SCORE, Wisconsin.**