TELECOMMUTING EMPLOYEES TAX WORKSHEET

EQUIPMENT EXPENSES

Record separately from other supplies the costs of business assets that are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are recovered differently on your tax return than are other recurring, everyday business expenses like business cards, office supplies etc.

TELEPHONE EXPENSES

The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible if the line is used exclusively for business.

PROFESSIONAL FEES & DUES

Dues paid to professional societies related to your profession are deductible. However, the cost of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.

SUPPLIES & EXPENSES

Generally, to be deductible, items must be ordinary and necessary costs in your profession and not reimbursable by your employer.

CONTINUING EDUCATION

Educational expenses can now be used for a variety of deductions and under certain circumstances qualify for tax credits. Care must be exercised in keeping the various expenses separated by type, since not all expenses are allowed for certain deductions and credits.

AUTO TRAVEL

Your auto expense is based on the number of qualified business miles you drive. If you qualify for the home office deduction, your home becomes your primary business location, and you will not have any nondeductible commuting travel. Therefore, generally all of your business travel from home to other business locations and meetings will be deductible

Document business miles in a record book as follows: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses-gas, oil, repairs, insurance etc. and of any reimbursement you received for your expenses.

HOME OFFICE DEDUCTION

A home office that is part of a residence is deductible only if used regularly and exclusively as a principal place of business, or as a place to meet or deal with customers or clients in the ordinary course of business. Generally, telecommuting employees would meet the "principal place of business" test, i.e., the location where you spend the majority of your time performing your work activities. Additionally, telecommuting employees must meet the "convenience of the employer" test. That test is met if your employer asks you to work out of your home.

OUT-OF-TOWN TRAVEL

Expenses accrued when traveling away from "home" overnight on job-related and continuing education trips are deductible. Your "home" is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet etc.

Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses - lodging, public transportation, meals etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses, even though only a portion of the amount may be deductible.

The information provided in this brochure is an abbreviated summary of the rules for the job-related expenses applicable to telecommuting employees. For additional details as to specific business expenses, the records required and the various governmental regulations, consult the firm providing this brochure.

EQUIPMENT PURCHASES	AUTO TRAVEL	HOME OFFICE DEDUCTION
Answering Machine	Meetings (mi)	Total Square Feet of Home
Calculator	Continuing Education (mi)	Business Area of Home
Copy Machine	Out-of-Town Business Trips (ml)	Business Hours (Total for Year)
Fax Machine	Parking Fees (\$)	Home Mortgage Interest
Pager	Tolls (\$)	Property Taxes
Telephone	Other:	Insurance
Computer Equipment	PROFESSIONAL FEES & DUES	Rents
Desk & Chair	Association Dues	Homeowners/Condo Association
Cell Phone	License	Allocated Expenses* Direct Indirect
File Cabinets	Union Dues	Utilities - Cable
Fumishings	Credentials	Electric
Recorder	Professional Associations	Gas
Shredder	Other:	Water
Other:	SUPPLIES & EXPENSES	Other:
COMMUNICATION	Briefcase	Cleaning Service
Cellular Service	Business Meals (100% of Expenses)	Maintenance
Fax Transmission/Line	Business Cards	Painting
Internet Service	Clerical Service	Repairs - Exterior
Paging Service	Computer Software	Repairs - Interior
Pay Phone	Computer Supplies	Trash Service
Second (Business Line)	Customer Lists	Other:
Toll Calls	Entertainment (100% of expense)	Other:
Other:	Equipment Repair	CONTINUING EDUCATION
OUT-OF-TOWN TRAVEL	FAX Supplies	Correspondence Course Fees
Airfare	Gifts	Course Registration
Bridge & Highway Tolls	Greeting Cards	Materials & Supplies
Bus & Subway	Legal & Professional Services	Photocopy Expenses
Car Rental	Office Expenses	Reference Materials
Laundry	Photocopy Expenses	Seminar Fees
Lodging (do not combine with meals)	Postage	Text Books
Meals (do not combine with lodging)	Shipping	Other:
Parking	Stationary	Other:
Porter, Bell Captain	Technical Publications	Other:
Taxi	Other:	Other:
Telephone	Notes:	
Train		
Other:		

^{*}Expenses related to your home office can either be direct or indirect expenses. Direct expenses are those which can be directly allocated to your business, such as a separate phone line or Internet connection exclusively for your business. Indirect expenses are those that are allocated to the entire house, such as electric, gas, and water expenses.