

The Time-Space Percentage

The Time-Space percentage is used to determine the business portion of expenses that are used for both business and personal purposes.

Time-Space formula:

Time Percent		Space Percent		
$\frac{\text{\# hours home used for business}}{\text{Total \# hours in a year}}$	X	$\frac{\text{\# square feet of home used regularly for business}}{\text{Total \# square feet in home}}$	=	Time-Space percentage

Use your Time-Space Percentage on shared business/personal expenses such as: utilities (gas, oil, electric, garbage, water, sewer, cable television), property tax, mortgage interest, house insurance, house repairs, house depreciation, rent, fences, computers, DVD player, television, toys, cleaning supplies and so on.

Time Percent

- 11 hours/day caring for children per week = 55 hours per week x 52 weeks = 2,860 hours per year
- 10 hours per week cleaning, activity preparation, etc. x 52 weeks = 520 hours per year
- Total: 3,380 hours per year divided by 8,760 hours in a year = 38.9% Time

Space Percent

- You can count a room as regularly used for your business if you use it 2 or more times a week: kitchen, bedroom for naps, bathrooms, living room, play room, laundry room, etc.
- 1,900 square feet used regularly divided by 2,000 total square feet of home = 95% Space

Time-Space Percentage

- 38.9% Time x 95% Space = 37% Time-Space Percentage

Example

- \$50 arts and craft supplies used 100% for business = \$50 business deduction
- \$100 toy used for both business and personal purposes x 37% Time-Space = \$37 business deduction
- \$60 sweater for yourself = zero business deduction. Personal expenses are not deductible

Tom Copeland: www.tomcopelandblog.com