

Home offices: Specific qualifications for deductions but many expenses qualify

Taxpayers sometimes prefer to avoid deductions that are “audit red flags.” While an audit is no fun, fear of an audit is no reason to avoid taking a home office deduction if you legitimately qualify for one.

In recent years, the IRS has made it easier to calculate a home office deduction, allowing you to choose to use the safe harbor method or the regular actual expenses method for any taxable year. But first, to take a home office deduction, specific rules must be met. It has to be your principal place of business. If you’re self-employed, it must be where you regularly perform your administrative or management activities, or meet with clients or patients. Next, you must be able to show you use your home office exclusively for business on a regular basis. This means the home office cannot also be your music room where you jam on your guitar on the weekends. The rules are very particular. For example, if you partition the room to include both a music room and a home office, only the home office portion of the room would be deductible. If your business involves selling a product, generally you can take a home office deduction for the area used to store your inventory.

If you are an employee who works from home or you are required to telecommute, you too may qualify for a home office deduction. The IRS requirements are the same; however, your home office must also be for the convenience of your employer, i.e., your employer must ask you to work out of your home.

Self-employed taxpayers claim the home office deduction on IRS form 8829, Expenses for Business Use of Your Home, when reporting income from their business on Schedule C, Profit or Loss from Business. If you are an employee, the home office deduction is taken as a miscellaneous itemized deduction on Schedule A of IRS Form 1040. Furthermore, this deduction is subject to the 2 percent limit for miscellaneous itemized deductions.

Depending on the method you use to calculate your deduction, you can deduct direct and indirect expenses including deductible mortgage interest, real estate taxes, rent if you do not own the home you live in, utilities including gas, electricity and trash removal, homeowners or renters insurance, any direct phone lines installed exclusively for the business, repairs to your home, casualty losses, security systems and depreciation.

Generally, homeowners can exclude up to \$250,000 in capital gains from the sale of their primary residence from federal income tax (\$500,000 for married filing jointly). If you have taken depreciation on your home office, you may end up paying some taxes on the gain when you sell the home. The taxable amount will be considered unrecaptured Section 1250 gain, which is taxed at a rate of 25 percent.

Overall, deductions help taxpayers minimize their tax obligations. An accountant or tax adviser can help you determine the best method for documenting your expenses and stay within the rules to qualify for the deduction you are entitled to.

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MARIETTA ■ BANKING

Mark Donovan named chief credit officer at First Landmark Bank

Staff reports

Marietta-based First Landmark Bank president and CEO Stan Kryder announced the promotion of executive vice president Mark Donovan to chief credit officer.

“With this promotion, our Board is recognizing Mark’s significant impact on the credit quality of the Bank and the risk management associated with it,” Kryder said.

Donovan will continue to be responsible for the credit function of the bank including the management of the loan portfolio, loan policy, handling special assets and past dues, board reporting and regulatory examinations and supervising the credit department.

“Mark is one of the best credit minds in the business, and we have benefited from his knowledge and expertise since he joined our organization in 2008,” Kryder said. “He was instrumental in guiding our bank through the credit crisis during the recession and continued to ensure the bank maintains high credit standards as we entered our significant growth mode over the past three years.”

Donovan received a BS in Business Administration from Salisbury University in Maryland and later



Mark Donovan has been named chief credit officer at First Landmark Bank. / Special to the MDJ

earned an MBA from Wake Forest University in 2003. Continuing his professional studies, he graduated from the LSU Graduate School of Banking in 2008. He is a member of the Risk Management Association Atlanta Chapter and has served as an officer and board member from 2005-09 when he concluded his year as chairman.

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MARIETTA ■ A.G. RHODES HEALTH AND REHAB

GETTING TECHY



Sonya Williams, recreational therapist, and resident Farris Roach use the Adaptive Computer System during one-on-one time at A.G. Rhodes Health & Rehab in Marietta. / Special to the MDJ-Mary Newton

Grant funds new technology at Marietta nursing home

Staff reports

Thanks to a grant awarded by the Thanks Mom & Dad Fund, residents at the A.G. Rhodes Health & Rehab nonprofit nursing home in Marietta have access to technology designed to enhance their social connections, intellectual stimulation, physical engagement, spiritual connections, emotional support and vocational interests.

The digital-technology system funded at A.G. Rhodes is called the Adaptive Computer System. It is designed by the It’s Never 2 Late Company. iN2L integrates hardware, software, media and various components necessary to allow virtually any person with any interest in using a computer — regardless of background, physical or intellectual abilities — to do so pleurably, engagingly and without frustration.

From using e-mail and web cams to connect with family and friends, to enjoying mind-stimulating activities, to improving hand-eye coordination as part of a rehabilitation program, patients and residents with a wide range of physical and cognitive abilities, most of whom don’t use computers, can now enjoy technology

using this system adapted especially for them. The system contains a content library that supports core dimensions of wellness and has more than 3,000 applications that can be used in group or individual settings.

A.G. Rhodes is one of 11 nonprofit organizations in Georgia to receive a grant from the Thanks Mom & Dad Fund, which awards funding to fill service gaps and provide aid for vulnerable older Georgians.

“The Thanks Mom & Dad Fund is pleased to make grants that address significant unmet needs and make a tremendous difference for older adults and caregivers,” said Maureen Kelly, president of the fund. “We remain committed to identifying and filling service gaps across the state.”

“Technology is an important tool that can enhance resident quality of life,” said Angela Daugherty, administrator of the A.G. Rhodes home in Marietta. “We are grateful for this grant which supports our efforts to deliver person-directed and innovative care to approximately 370 Cobb County seniors each year.”

For more information, visit www.AGRhodes.org.

ATLANTA ■ WELLS FARGO

Bank supports local development efforts with \$1.2M in donations

Staff reports

Wells Fargo, which has several bank and ATM locations in Cobb County, announced on March 21 that it has given 50 grants totaling \$1,235,000 to community development nonprofit organizations in Atlanta.

The announcement follows the Atlanta region’s modification to its 2017 giving cycle to increase effective and strategic decision-making as the local philanthropic arm of the bank continues efforts to help strengthen the communities in metropolitan Atlanta in two primary areas — Community Development and K-12 Education.

“A hallmark of Wells Fargo is local decision-making and local involvement,” said Atlanta Region president Mike Donnelly. “This is part of our continuing effort to connect with our neighborhoods and further support them in a very local way.”

Community Development applications were accepted

from Dec. 1, 2016, to Feb. 1. Some of the groups that received grants were United Way of Greater Atlanta, Access to Capital for Entrepreneurs, Atlanta Neighborhood Development Partnership Inc., Latin American Association, Project Community Connections and the Urban League of Greater Atlanta.

Wells Fargo has been recognized as one of the most generous companies in the U.S. In 2016, the company donated \$281.3 million to 14,900 nonprofits. In Atlanta, total giving reached \$5 million last year. Wells Fargo team members also logged more than 19,000 volunteer hours to hundreds of organizations in Atlanta.

“We are making a measurable impact in our communities, and we know that we are stronger together,” said Atlanta Community Affairs officer Kris Christy. “Our focus on our customers and our communities is unwavering.”

In addition to the Community Development and K-12 Education focus

areas, grants are also accepted in the program areas of Human Services and Civic Engagement, Education/Arts & Culture and the Environment applications will be accepted through April 1 and Human Services/Civic Engagement applications will be accepted June 1-Aug. 1.

For more information, and for the application, visit www.wellsfargo.com/donations, select Georgia and metro Atlanta, and review the information provided under each of the tabs — Our Giving Priorities, Eligibility, How to Apply and Frequently Asked Questions (FAQs).

Wells Fargo & Company is a diversified, community-based financial services company with \$1.9 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,600 locations, 13,000 ATMs and has offices in 42 countries and territories.

For more information, visit wellsfargo.com.