

# Tax breaks available for home-based businesses

By Bryon Elson

If you operate a home-based business, you may qualify for special tax breaks that can help maximize your income and offset some of your day-to-day expenses.

Generally, a home-based business is intended to make a profit, while a hobby is pursued with no intent to make a profit—although a hobby may incidentally produce income. In most cases, an activity may qualify as a home-based business if profits result in three or more of the five consecutive tax years ending in the current year.

If you use your car in connection with your home-based business, you may claim a deduction equal to 30 cents per mile plus the business portion of parking, fees and tolls. You also can write off the actual costs of operating your automobile in connection with your business. These costs include gas, oil, tolls, parking, depreciation, and maintenance expenses. If you lease a car for business purposes you must use the actual-cost method.

The tax law allows business owners to deduct up to \$17,500 in qualifying property in the year you place the property in service,

rather than depreciating the cost over a period of years. If you need new equipment, consider the benefits of immediate expensing. Be aware, however, that this deduction phases out once the cost of the property exceeds \$200,000 during the year.

You can deduct 50 percent of business-related meal and entertainment expenses when entertaining a client, customer or employee. To qualify, a bona fide business discussion must take place immediately before, during or immediately after the meal or entertainment. Also, your records must reflect the amount, time, place, and business purposes of the expense, as well as your business relationship with the person entertained.

You may qualify to deduct the costs of operating and maintaining a home office if you use it regularly and exclusively as (1) your principal place of business or (2) a place where you routinely meet customers, clients or patients. You will not meet the exclusive use test if you do not use the business portion of your residence solely for the purpose of your business. To claim these deductions, you must file Form 8829, "Expenses for Business Use of Your Home."

## Former Avon executive Miriam Muley named V.P. of marketing

Carson Products Company, makers of Signature brand Dark & Lovely No-Lye Relaxer, has named Miriam Muley vice-president of Marketing. In her position Ms. Muley will oversee domestic marketing, new product development, and communications efforts for the Savannah, Georgia based African American hair care products company. Prior to joining Carson, Muley was general manager of the African American business unit for Avon products. She developed the Avon boutique which successfully generated \$20 million in company sales.

## Money

(Continued from Page 4)

when you begin withdrawals, and your life expectancy, for the duration of your life. A joint-and-survivor annuity, based on the joint life expectancies of you and your spouse, provide payments for as long as you and your spouse are alive. Since the joint life expectancy is longer than a single one, your annuitized payments will be lower than those for a single life.

Another choice is a "certain period" annuity, which makes payments for a specified period of time—usually 10 to 20 years—even if you die before that period expires. The payout on this type of contract generally will be less than that for a single life but more than for a joint-and-survivor annuity.

**THE FINAL DECISION**  
Before investing in an annuity, make sure the insurance company that will sponsor the contract is financially healthy. Also, find out from the sponsoring company the interest rates that have been paid out over the last five to ten years and how interest rate changes are calculated. CPAs say this will give you an idea of the annuity's overall performance and help you identify the annuity that provides the best long-range financial security.

*Money Management is a weekly column on personal finance prepared and distributed by certified public accountants. Nevada Society of Certified Public Accountants, 5250 Neil Road, Suite 205, Reno, Nevada 89502.*

## Equity options: a viable choice for you?

(NAPS)—Individual investors are playing an increasingly active role in today's dynamic stock market. Many of those investors are utilizing exchanged-traded equity options to manage their stock investment portfolio.

Here are a few facts to consider:

- An equity option is a financial tool that gives you the right to buy (call) or sell (put) a certain stock at a certain price (strike price) for a certain amount of time.
- Options are currently available on more than 1,800 of the most actively traded common stocks.
- You have the right, but not the obligation, to exercise your options and buy or sell your shares.
- One option typically represents 100 shares of stock.
- Options are listed on five major securities exchanges: The American Stock Exchange, The Chicago Board Options Exchange, The New York Stock Exchange, The Pacific Stock Exchange and The Philadelphia Stock Exchange.
- In addition to ordinary options, you can now get LEAPS® (Long-term Equity Anticipation Securities) which offer long-term

options with expiration dates up to two and a half years in the future.

(Standard equity options have a life of up to eight months.)

• Remember, however, options involve risk and are not for every investor. Your broker or other financial advisor can help you determine if they're a good option for you.

### Free Tapes And Booklets

You can learn more about options from the Options Industry Council. You can call its toll-free number: 1-800-952-8665, Dept. N, and ask for a free videotape, educational material including the option disclosure document, and details about free, educational seminars held nationwide.

You can also write: The Options Industry Council, Dept. NAPS, 440 South LaSalle Street, Suite 2400, Chicago, IL 60605. You can also visit Options Central (<http://www.optionscentral.com>), the OIC's internet web site. Investors can search by company name a database of more than 1,800 listed equity options for options symbols, stock and options prices and charts, as well as access up-to-date news, information and educational material.

“LAST WEEK, I WALKED INTO U.S. BANK AND DROVE OFF WITH A '92 ACCORD.”



Applying for a loan shouldn't be intimidating. And at U.S. Bank, it isn't. You don't have to be a millionaire, live in a fancy house, or have more credit than Donald Trump. You see, we look at your application *individually*. Because, after all, you're an individual.

So if you're in the market for something to drive, sit on, live in, or anything else, turn to U.S. Bank for a loan today. To apply, just call **1-800-US LOANS**. Or stop by your neighborhood branch. You just might drive off with a '92 Accord (or whatever toots your horn).

LOANS FROM U.S. BANK



Without you, there's no us.™

©1996 U.S. Bank.  
Cons-E-5.96

