

# Understanding home office deductions and professional services

Not everyone qualifies for the home office deduction. According to the Internal Revenue Service, employees are not eligible. I recommend you speak to a CPA to see if any



**GREG SMITH**  
SMALL BUSINESS  
DEVELOPMENT CENTER

changes might be made as a result of COVID-19 and the mandatory shut down many businesses experienced. Here are tips from the IRS:

- The home office deduction Form 8829 is available to homeowners and renters.

- Deductions including mortgage interest, insurance, utilities, repairs and rent.

- Taxpayers must meet specific requirements to claim home expenses as a deduction, and the deductible amount of these expenses may be limited.

The term "home" for the purpose of this deduction:

- Includes a house, apartment, condo, mobile home, boat or similar property.

- Includes structures on the property, such as an unattached garage, studio or greenhouse.

- Does not include any part of the taxpayer's property used exclusively as a hotel, motel or similar business.

There are two basic requirements for the taxpayer's home to qualify as a deduction:

- There must be an exclusive portion of the home for conducting business on a regular basis. For example, a taxpayer who regularly and exclusively uses an extra room to run their business can take the deduction only for that room.

- The home must be the taxpayer's principal place of business. A taxpayer also can meet this requirement if administrative or management activities are conducted at the home and there is no other location to perform these duties. Someone who conducts business outside of their home but also uses their home to conduct business may qualify for the deduction.

- Expenses that relate to a separate structure will qualify for a home office deduction if the structure is used exclusively and regu-

larly for the business.

Again, it is important to check with your tax preparer regarding this and other deductions.

## Know your professional services

Small business owners use the terms bookkeepers, accountants and CPAs interchangeably, but there are distinct and important differences. People may balk at paying for these professional services, but the investment is well worth avoiding getting sideways with the IRS or Oregon Department of Revenue. Do-it-yourselfers often make errors, especially with payroll and the timely submission of reports and payments. This is something the IRS and Oregon Department of Revenue take seriously, and the penalties are severe.

Here is a summary of what duties bookkeepers, accountants and CPAs typically perform and the requirements of each.

- Bookkeepers work for a company to keep track of the finances. They are responsible for accounts receivable and payable, inventory, accurate and timely recording of transactions, monthly, quarterly,

and annual reporting and in some instances, payroll. Bookkeeping certifications and licensing are available through national organizations. As an aside, bookkeepers are in high demand and for someone qualified, is it a profitable business.

- Accountants can prepare detailed financial statements, audits of a company's books and prepare reports for tax purposes. It is important to note only CPAs, tax attorneys and enrolled agents are able to represent a taxpayer to the IRS.

- CPAs have a much higher level of training and expertise. They have passed required examinations, meet all statutory regulations and obtained licensing. The national professional association for CPAs is the American Institute of Certified Public Accountants.

Small business owners are busy. Many lack the expertise or simply don't keep their financial records up to date and are unaware of legitimate and important tax deductions. A business owner may have a bookkeeper and/or accountant and then depend on a CPA for more complex matters, tax planning and

preparation of tax returns.

While it is best to accurately track income and expenses throughout the year, the beginning of the fourth quarter will allow you a short window of time to get your books in order and implement the services of one or more of these professionals.

With all the circumstances surrounding COVID-19, business owners should employ the services of a CPA. Make the appointment as soon as possible to put the business in the best position before 2020 tax returns are due. Delaying not only will this compromise the business, but this is when CPA's schedules become full and they may be unable to accept new clients.

The level to which a business owner keeps tabs on the company's finances is a sure recipe for either success or failure.

Make that appointment today.

### About the Author

*Greg Smith is the director of the Eastern Oregon University Small Business Development Center, La Grande. If you are seeking free, confidential business advising, call 541-962-1532 or email eousbdc@gmail.com.*

## Small manufacturing firms drive Oregon's economy statewide

Local manufacturing businesses and jobs have experienced a resurgence in recent years that needs to continue for our state's livelihood and connection to the global economy.

Before the pandemic, the manufacturing sector

employed 11.6 million workers in the United States. During the past three years, approximately 500,000 manufacturing jobs were added to the economy. In 2018 alone, 264,000 manufacturing jobs were added, the most created in any single year in more than two decades.

In Oregon, there were nearly 175,000 manufacturing jobs. Of those, 48% were employed by small firms.

While manufacturers have not been immune to the hit we've seen many sectors take during 2020 due to the pandemic, we're already seeing the manufacturing sector start to rebound. In fact, 29,000 manufacturing jobs were added in August 2020 alone.

This is both encouraging and necessary for our region as consumers worldwide are increasingly seeking "Made in the USA" products and services. On a macro level during the past couple decades, U.S.-manufactured goods that are exported to other countries have quadrupled. Plus, nearly six in 10 U.S. export dollars come from manufacturers, establishing them as a crucial component to our role in the international marketplace.

In North America specifically, the passage of the U.S.-Mexico-Canada Agreement earlier this year has and will continue to drive job creation and strengthen manufacturing in Oregon. And since the USMCA establishes a committee on small business issues for the first time in any U.S. trade agreement, it will ensure small manufac-

turing voices are heard.

As local manufacturers are pivoting and innovating to operate in a new environment — and in some cases, switching production to support critical needs of medical equipment and personal protective equipment — it takes public and private entities working together for small manufacturing firms to succeed.

The federal government is clearing red tape out of the way for small manufacturing firms by reducing regulations. During the past few years, federal agencies have issued multiple deregulatory actions for every new significant regulatory action, saving businesses billions in regulatory costs.

In light of the coronavirus pandemic, many federal regulations have been temporarily lifted, and regional advocates from the SBA Office of Advocacy are talking to businesses to explore opportunities to permanently clear some of these regulations if they have been burdensome to small firms.

In the span of a week this past spring, the SBA rolled out one of the largest economic recovery programs the country has ever seen. Financing programs like the Paycheck Protection Program, Economic Injury Disaster Loan program and traditional SBA loan programs have preserved Oregon jobs and infused approximately \$9.7 billion into Oregon small businesses in 2020.

With federal programs, local government and industry and business organizations working together — combined with the ingenuity of Oregon small businesses — the manufacturing industry will prevail and ultimately thrive.

### About the Author

*Jeremy Field is the U.S. Small Business Administration's regional administrator for the Pacific Northwest.*



**JEREMY FIELD**  
SMALL BUSINESS  
ADMINISTRATION

## Amazon to kick off holiday shopping with October Prime Day

NEW YORK —

Amazon is aiming to kick-start the holiday shopping season early this year.

The company is holding its annual Prime Day over two days in October this year, after the pandemic forced it to postpone the sales event from July. It's the first time Prime Day is being held in the fall, and Amazon is positioning it as a way to get people to start their holiday shopping.

Even before Amazon's announcement Monday, Sept. 28, major retailers have said they plan to push shoppers to start their holiday shopping in October and offer deals earlier, hoping to avoid crowds in their stores in November and December.

Prime Day, which will run from Oct. 13 to Oct. 14 this year, is sure to put pressure on rivals to offer deals around the same time. In past years, Walmart, Best Buy and Target have offered their own online discounts during Prime Day. In fact, Target announced on Monday it was also holding a two-day sale event on Oct. 13 and Oct. 14.

Amazon started the sales event in 2015, and Prime Day has become one of Amazon's biggest shopping days, since it offers some of its deepest discounts of the year.

Amazon also sees it as a way to get more people to sign up for its Prime membership, since only those paying \$12.99 a month or \$119 a year can access the deals.

## Disney to lay off 28,000 at its parks in California, Florida

ORLANDO, Fla. —

Squeezed by limits on attendance at its theme parks and other restrictions due to the pandemic, The Walt Disney Co. said Tuesday, Sept. 29, it planned to lay off 28,000 workers in its parks division in California and Florida.

## BUSINESS IN BRIEF



AP Photo/Lionel Cironneau, File

In this April 18, 2011, file photo, a killer whale jumps with its baby at the Marineland aquatic park in southeastern France. France's environment minister Barbara Pompili announced Tuesday, Sept. 29, 2020, a gradual ban in the coming years on the use of wild animals in traveling circuses and on keeping dolphins and orcas in captivity.

Two-thirds of the planned layoffs involve part-time workers but they ranged from salaried employees to hourly workers, Disney officials said.

Disney's parks closed last spring as the pandemic started spreading in the U.S. The Florida parks reopened this summer, but the California parks have yet to reopen as the company awaits guidance from the state of California.

In a letter to employees, Josh D'Amoro, chairman of Disney Parks, Experience and Product, said California's "unwillingness to lift restrictions that would allow Disneyland to reopen" exacerbated the situation for the company.

D'Amoro said his management team had worked hard to try to avoid layoffs. They had cut expenses, suspended projects and modified operations but it wasn't enough given limits on the number of people allowed into the park because of social distancing restrictions and other pandemic-related measures, he said.

Disney officials said the company would provide severance packages for the

employees, where appropriate, and also offer other services to help workers with job placement.

Disney officials didn't offer a breakdown of the layoffs between the Florida and California operations. Walt Disney World in Florida has around 77,000 employees, while the Disneyland Resort in California has more than 30,000 workers.

## Author awards \$500 grants to thousands of teachers

NEW YORK — Thousands of school teachers will receive \$500 grants from author James Patterson to help students build reading skills, especially as schools struggle to adapt to the coronavirus pandemic.

"Whether students are learning virtually at home or in the classroom, the importance of keeping them reading cannot be underscored enough," Patterson said in a statement Tuesday, Sept. 29.

The grant program is administered by Patterson and by Scholastic Book Clubs, which will provide teachers 500 club points to

go with the \$500 from Patterson. Out of more than 100,000 applicants, 5,000 teachers will receive grants and club points.

Tuesday's announcement marks the sixth installment in the Patterson Partnership for building home and school libraries. Patterson, one of the world's best-selling novelists, has given more than \$11 million to teachers, along with millions he has given to bookstores, libraries and literacy organizations.

## France to ban use of wild animals in circuses, marine parks

PARIS — France's environment minister has announced a gradual ban on using wild animals in traveling circuses, on keeping dolphins and killer whales in captivity in marine parks and on raising mink on fur farms.

Barbara Pompili, France's minister of ecological transition, said in a news conference Tuesday, Sept. 29, that bears, tigers, lions, elephants and other wild animals won't be allowed any more in traveling circuses "in the coming years."

In addition, starting immediately, France's three marine parks won't be able to bring in nor breed dolphins and killer whales any more, she said.

"It is time to open a new era in our relationship with these (wild) animals," she said, arguing that animal welfare is a priority.

Pompili said the measures will also bring an end to mink farming, where animals are raised for their fur, within the next five years.

— Associated Press

Join us for a special fundraising event...

## A Night In with the Symphony

Make it a date night in your own home! Gather your family members or personal pod. Enjoy your favorite beverage and delicious hors d'oeuvres. Settle in for a virtual evening of chamber music presented by the Grande Ronde Symphony

Performing artists:  
Zachary Banks (Cello)  
Viet Block (Violin)  
Matt Cooper (Piano)

Saturday, October 3, 2020  
beginning at 7:00pm (pst)

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