Using Your Home Insurance As A Tax Deduction

Home ownership is an expensive part of any family's life, and cutting down costs related to owning a home is always welcome. Most people recognize that home insurance is a necessary and essential expense, but you can use it to decrease your taxes. There are some cases when home insurance can be used as a tax deduction; here are just a few ways that you may be able to qualify for this type of deduction on your next tax return.

Do You Have A Home-Based Business Or Work From Home?

If you operate a business from your home or if you frequently work from home, you may be able to use a portion of your home insurance as a tax deduction. It is a good idea to have separate business insurance in this case, but if your particular situation does not require this, and especially if you don't need the liability insurance, this is a definite deduction that you should bring up with your accountant.

Do You Pay Home Insurance For Rental Properties?

Rental property insurance is tax deductible for the owner of the property since it is considered a business related expense. If you own rental properties, this type of insurance will protect you from property damage your tenants could cause. It is a good idea to tell your tenants that they are required to have renter's insurance as well.

Using Damage Costs That Were Not Covered By Home Insurance

Property damage is considered a tax-free occurrence, and the money you spend repairing that damage may be included as a tax deduction. This can include any out-of-pocket expenses related to an insurance deductible. There is a specific calculation involved in this deduction, and it is not a dollar for dollar deduction; however, depending on your circumstances, it may be worth contacting a tax specialist.

It is always a good idea to keep yourself informed about any potential ways in which you can save money. An insurance agent is a wealth of information, and can give you some great ideas for saving money on your insurance.