

Connecting Business with Home

Kitchen Table Tycoons

About 14 years ago, lawyer Doug Chalke sat behind his desk in a Vancouver office tower and decided he'd much rather be at home. Chalke did not want to quit his family law practice. He was just tired of "going to the office."

Today, Doug and his wife, Angie, work out of their home, offering mediation counselling primarily to couples going through divorce. They say they have one of the busiest practices in Canada, and would never work in a conventional office again.

Thousands of other Canadians have discovered the same satisfaction. The 1996 census found that 474 000 Canadians were self-employed and working from home. "It is growing," says Douglas Gray, a Vancouver lawyer who has written a guide to running a small business from a home office. "You tend to find this kind of business evolving after people are laid off from their jobs, or when they get severance packages, or if they have houses that are paid off and they are financially secure." David Baxter of the Vancouver-based Urban Futures Institute adds that people who work at home often have a specialized skill that doesn't require a formal office.

Working from home is not as easy as it seems. The Chalkes had to turn their living room—and later their carport—into an office. People in a home office also have to remember to dress appropriately if their clients come.

However, the financial advantages of working at home can be significant. If your main place of business is your home and you set aside a room for the business, you can save on income taxes. Revenue Canada lets you deduct a portion of the cost of running a home from your gross income.

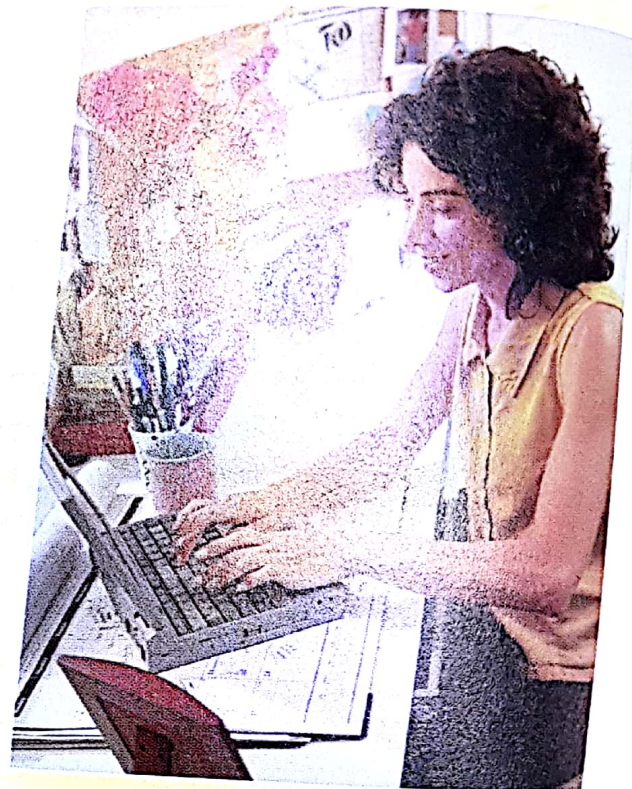


Figure 2-15 Working from home can be a challenge when the sun is shining and the lawn needs mowing, or when the kitchen sink is full of dishes that need to be washed.

The cost of office furniture and equipment can also be deducted. The lower your income, the less taxes you have to pay.

Source: Adapted from Jennifer Hunter, "Kitchen-table Tycoons," *The Maclean's Guide to Personal Finance*, January 1, 1999, page 87.

ACTIVITIES

- 1 Describe some of the advantages and disadvantages of starting a home-based business.
- 2 Why might some people who start home-based businesses choose to incorporate?
- 3 Why are a growing number of Canadians starting home-based businesses?