

# HOME-BASED BUSINESS

## **Insurance:**

Because your business is in a residential home, your homeowner's insurance policy may not cover the business assets and activities. Therefore, consult your insurance agent or broker to ensure that your business has the appropriate coverage.

## **What Your Homeowner's Policy DOES NOT Cover:**

- Dwellings that are not used principally as a residence. "Principally" means 80% or more of the square footage in the home must be for residential use.
- Separate structures that are used in whole or part for business purposes.
- Business property used for the business including all furnishings and equipment in a home office.
- Business inventory and samples
- Losses from unauthorized use of credit cards, cheques, forgery, or counterfeit money.
- Accidental damage to electronic components.
- Personal liability or medical payments to others for bodily injury or property damage arising out of any business pursuit – includes clients, repair persons, customers, suppliers, employees, etc.

## **TAX DEDUCTIONS:**

Because the business is operating out of the home, you are entitled to deduct a portion of the home expenses from your taxable income. The portion is based on the square footage of space the business uses in the home. The space must be used SOLELY for the business. Contact Canada Revenue Agency Source Deductions department or a qualified accountant for the details.

## **ZONING RESTRICTIONS:**

The City of London supports entrepreneurs and new businesses that operate from the home (known also as home occupations), and have little or no impact on neighboring properties. Zoning 661-4600

## **What is a home-based business?**

An occupation or business conducted for gain or profit within a dwelling unit by a permanent resident of the dwelling. (Building Regulations 661-4555)

## **LOCATION**

Home-based businesses may be operated only out of a single detached dwelling, semi-detached dwelling, tri-plex dwelling, four-plex dwelling or townhouse dwelling, but does not include the use of an accessory building, such as a garage. Contact the City of London Zoning Department at 661-4660 to ensure your use is permitted under the zoning regulations. The maximum space a business can occupy in a home is up to 25% of the total area, to a maximum of 28 sq. m. (300 sq. ft.). The City of London by-law does not permit any outdoor use or outdoor storage for business purposes.

## **SIGNAGE**

The City's Sign & Canopy By-law permits up to 2 sq. ft. non-illuminated signs mounted on the front of the dwelling without a permit.

## **PARKING**

Parking for clients is permitted in a driveway for the dwelling but not on a grassed area. Driveway widths cannot exceed 40% of the width of a lot with a maximum of 19.7 feet (6.0 metres).

## **EMPLOYEES**

The City of London By-law permits a maximum of one employee from outside the home.

## **CLIENTS**

Up to five clients in a dwelling at one time for treatment or service is allowed.

## **DELIVERIES**

Deliveries to home-based businesses are limited to small vehicles.

## **BUSINESSES THAT CANNOT BE RUN FROM HOME**

Retail stores or sales; food preparation or food service businesses and swimming lessons in your own pool, manufacturing, assembly or repair businesses cannot be operated from a home except for the fabrication of handmade articles of clothing, arts or crafts. It is also not permitted to operate a business which would require animal(s), corpse(s), bacteria or virus be brought into the home. Exceptions are professional or service offices which do not have external signage, client visitation and employees are considered an accessory use to the residential site, and are not covered by the by-law.

## **RENOVATION PERMITS**

Most businesses do not require a building permit unless you are finishing the basement; installing plumbing for sinks or washrooms, or making structural changes. Separate permits are required by Ontario hydro for electrical installation.

## **LICENSING**

Contact the City Clerk's Office on the 3<sup>rd</sup> floor of City Hall to see whether your business requires a license or not (661-4530). Businesses such as Hair Salons, the services of an Electrician or Master Electrician, Plumber or Master Plumber, and Drain Layer require a business license.

## **Before Starting Up Your Business**

1. Consult the Zoning Office to ensure your use is permitted.
2. Contact the Building Division about permits for renovations, plumbing or structural changes.
3. Confirm whether your business requires a business license.
4. Obtain a separate permit form Ontario Hydro for electrical installations.
5. Consider registering your business name with the Province.
6. Review your business plans with your solicitor, accountant, bank manager, and insurance agent.

## **City of London**

Business Licenses: 661-4530

Zoning: 661-4660

Building Regulations: 661-4555

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