



ezytax
BLUE

home office
manual



HOW TO CLAIM WORK FROM HOME EXPENSES

There are three methods that you are able to use to claim home office expenses.

The methods to choose from include the:

- **Fixed Rate Method** – An amount per work hour for additional running expenses plus expenses not covered by the fixed rate. This is the most common method.
- **Actual Cost Method** – The actual expenses you incur as a result of working from home. *Must* have a bonafide home office and not just a spare room OR the kitchen table.
- **Shortcut method** – An all-inclusive rate per work hour, **only** available from 1 March 2020 to 30 June 2022

FIXED RATE METHOD

1 July 2022 – Current – 67c/h

To be eligible for the WFH Fixed Rate, a record of the total number of hours you work from home (such as a roster, diary, timesheet or other similar document) and the expenses you incur while working at home

You can claim the fixed rate of 67 cents for each hour you worked from home. The rate includes the additional running expenses you incur for:

- home and mobile internet or data expenses
- mobile and home phone usage expenses
- electricity and gas (energy expenses) for heating, cooling and lighting
- stationery and computer consumables, such as printer ink and paper.

The rate per work hour (67c) includes the total deductible expenses for the above additional running expenses. If you're using this method, you can't claim an additional separate deduction for these expenses.

1 July 2018 to 30 June 2022 – 52c/h

You can claim the fixed rate of 52 cents for each hour you worked from home. The rate includes the additional running expenses you incur for:

- the decline in value of home office furniture and furnishings – for example, a desk

- electricity and gas for heating, cooling and lighting
- cleaning your home office.

You can also claim the work-related portion of the following expenses, which are not covered by the 52 cents per hour rate, if you incur these expenses as a result of working from home:

- Phone, data and internet expenses
- computer consumables and stationery
- Decline in value of depreciating assets other such as computers and laptops.

Example: Jane works as a school teacher and works 12 hrs per week after work to prepare assessments and marking papers. Her internet usage is 10% and pays \$60 monthly. Phone bill is \$75 and she uses it 40% for work. She worked for 9 months of the year.

Home Office: $12 \text{ (hrs per week)} \times 0.52 \text{ (Fixed rate)} \times 36 \text{ (weeks in total worked)} = \224.64

Phone: $75 \times 0.40 \times 9 = \$ 270$

Internet $60 \times 0.10 \times 9 = \$ 54$

Total deductions claimable: \$548.64

ACTUAL COST METHOD

Using the actual costs method, you work out your deduction by calculating the actual expenses you incur to produce your income when working from home. This may include the following expenses:

- Decline in value of depreciating assets– such as home office furniture (desk, chair) and furnishings, phones and computers, laptops or similar devices
- Cleaning expenses if you use a dedicated area for working
- Heating, cooling and lighting – electricity and gas
- Phone and internet
- Computer consumables and stationery – such as printer ink.

If you don't have a dedicated work area, you will generally only incur minimal additional running expenses so its better to use the fixed rate method in most cases.

You cannot claim actual cost method if you do not have a dedicated home office.

Example: Jane works as a school teacher and works 12 hrs per week after work to prepare assessments and marking papers. Her internet usage is 10% and pays \$60

monthly. She bought \$50 of stationery. Phone bill is \$75 and she uses it 40% for work. She worked for 9 months of the year. She claims 9c per hour for the use of electricity in that room.

Electricity: 9c per hour for 12 hours per week for 36 weeks = \$38.88

Phone: $75 \times 0.40 \times 9 = \$ 270$

Internet $60 \times 0.10 \times 9 = \$ 54$

Total deductions claimed: \$362.88

SHORT CUT METHOD

This method is temporary, you can **only** use it to work out your deduction for work from home expenses:

- between 1 March to 30 June 2020 in the 2019–20 income year
- for the 2020–21 and 2021–22 income years.

Using this method, you:

- can claim 80 cents per hour for each hour you work from home
- **cannot** claim any other expenses for working from home, even if you bought new equipment.

The shortcut method covers all your working from home expenses, such as:

- phone expenses
- internet expenses
- the decline in value of equipment and furniture
- electricity and gas for heating, cooling and lighting.

You cannot claim telephone, internet, furniture/equipment and electricity/gas. With this method you can *only* claim the hours you work from home.

Example: Jane works as a school teacher and works 12 hrs per week after work to prepare assessments and marking papers. Using the shortcut method, she cannot claim phone and internet.

Home Office: $12 \text{ (hrs per week)} \times .80 \text{ (ATO rate)} \times 36 \text{ (weeks in total worked)} = \345.60

Total deductions claimed: \$345.60

EXPENSES YOU CAN'T CLAIM

You can't claim a deduction for the following expenses if you're an employee working at home. These include:

- coffee, tea, milk and other general household items, even if your employer may provide these at work
- costs that relate to your children's education such as equipment you buy – for example, iPads and desks, subscriptions for online learning
- items your employer provides – for example, a laptop or a phone
- any items where your employer pays for or reimburses you for the expense.

If your employer pays you an allowance to cover expenses, you can claim a deduction for the expense. However, you must include the allowance as income in your tax return.

OCCUPANCY EXPENSES

Occupancy expenses are expenses you pay to own, rent or use your home. They include:

- mortgage interest
- rent
- council and water rates
- land taxes
- house insurance premiums.

You can **only** claim occupancy expenses if you can show that:

- it was necessary for you to work from home because your employer doesn't provide you with an alternative place to work from
- the area of your home that you use for work is exclusively or almost exclusively used for work purposes.

Occupancy expenses can generally be apportioned on a floor area basis. You must also be apportion your expenses on a time basis if you only use that area of your home for work purposes for part of the year.

Example: Steve works for a statutory authority in Brisbane who permanently closed all their offices at the end of January 2021. From 1 February 2021, Steve sets aside a room in his house for his work with the statutory authority that is only used for work. It is not used as a spare bedroom. The floor area of the room is 10% of the floor area of the whole house.

Occupancy expenses:

Mortgage interest \$19,524

Council and water rates \$4,259

Home insurance \$1,135

Total Occcupancy expenses: \$24,918

$\$24,918 \times 10\% \times (5 \text{ months} \div 12 \text{ months}) = \$1,038$

Total deductions claimed: \$1,038