



# Working from Home: Deductions

## Working from home expenses

If you are an employee who **works from home**, you may be able to claim a deduction for **expenses** you incur **relating to that work**.

These can be traditional running expenses, such as electricity, the decline in value of equipment or furniture and phone and internet expenses.

## Working from home running expenses

Running expenses relate to the use of facilities within your home. These expenses are generally considered private and domestic expenses. You can claim a deduction for additional running expenses **you incur as a direct result of working from home.**

Additional running expenses may include:

- ✓ electricity or gas (energy expenses) for heating or cooling and lighting
- ✓ home and mobile internet or data expenses
- ✓ mobile and home phone expenses
- ✓ stationery and office supplies
- ✓ the decline in value of depreciating assets you use for work – for example:  
office furniture such as chairs and desks equipment such as computers,  
laptops and software
- ✓ the repairs and maintenance to depreciating assets.



In limited circumstances where you have a **dedicated home office**, you may also be able to claim:

- ✓ occupancy expenses (such as mortgage interest or rent)
- ✓ cleaning expenses.

If your **employer pays you an allowance** to cover your working from home expenses, you must **include it as income in your tax return**.

If you're a **sole trader or business** owner and your home is your principal place of business, see the ATO guide for [Deductions for home-based business expenses](#) instead.

## Two methods to calculate WFH Expenses

From 1 July 2024 there are **2 methods** available to calculate your claim:

1. Revised Fixed rate Method (generally easier to calculate) or
2. Actual cost method

For either of the methods, you need to retain all the receipts of the expenses incurred



# The way to claim WFH Expense in the MyGov system

In the step 4 prepare return interface, find the session named deductions, then click Add/Edit.

Deductions ? **Add/Edit >**

**Attention** Make any **working from home** claims in this section. Select Add/Edit.

Description	Amount
<b>Personal super contributions</b>	
SUPER DOOPER SUPER	-\$21,000.00

Then, click Add of Other work-related expenses

Other work-related expenses ? **Add ⊕**

Make any [working from home](#) ↗ claims in this section. Select Add. ×

Not provided



You can enter the amount calculated using either one of the two methods introduced in the following slides and then click save to complete the lodgment of the deductions for working from home expenses.

Your description	
<input type="text"/>	
Amount	
\$	<input type="text"/>
<input type="button" value="Delete"/>	<input type="button" value="Cancel"/>
<input type="button" value="Save"/>	
<b>Total</b>	<b>\$0.00</b>

# 1. Revised fixed rate method

- an amount per work hour for additional running expenses
- separate amount for expenses **not covered** by the revised fixed rate, such as the **decline in value of depreciating assets**
- you no longer need a dedicated home office.
- You can claim depreciation on assets, the repair and maintenance of those assets (but not computer consumables such as paper and ink), and you can claim cleaning (if you have dedicated home office).
- you must **keep a record** of the number of hours you have worked from home. This could be a timesheet, roster, a diary or documents that set out the hours you worked from home.



# 1. Revised fixed rate method: Eligibility to Claim

To use the revised fixed rate method, you must:

- ✓ incur additional running expenses as a result of working from home
- ✓ have a record of the **total number of hours** you work from home and the **expenses** you incur while working at home
- ✓ have records for expenses the fixed rate per work hour **doesn't cover** and that show the work-related portion of those expenses.

# 1. Revised fixed rate method: How it works

You can claim **70 cents** for each hour you work from home during the relevant income year.

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.



If you **haven't been keeping** a record of the **actual hours** you worked from home, for the **2024–25** income year only, you must be able to provide both:

- a record of **all the hours you worked from home** during the period from 1 July 2024 to 30 June 2025 – for example, a timesheet, roster or diary that shows the total number of hours worked from home throughout the income year.
- a record of the **total number of actual hours** worked from home for the period **1 July 2024 to 30 June 2025**.

If you haven't kept **receipts or written evidence** of your **depreciating assets**, you may still be able to claim a decline in value deduction if:

- you didn't keep it because you were using the fixed rate method or shortcut method to calculate your working from home deduction in the income year you purchased the asset
- you have other evidence or records which show
  - you incurred the cost of the depreciating asset
  - when you bought the depreciating asset
  - your work-related use of the depreciating asset.

## 2. Actual cost method: Eligibility to Claim

To use the actual cost method to claim actual expenses, you must:

- incur **additional running expenses** as a result of **working from home**
- **keep records or other written evidence**, which shows the amount:
  - you spend on expenses
  - you spend on depreciating assets you buy and use while working from home of work-related use for your expenses and depreciating assets.

You don't incur additional running expenses if other members of your household (who are not working from home) are in the same room as you while you are working from home.

Where you incur running expenses **for both private and work purposes**, you need to apportion your deduction on a fair and reasonable basis. You can only claim the **work-related portion** as a deduction.

## 2. Actual Cost Method: How it works

Using the actual cost method, you work out your deduction by calculating the actual additional expenses you incur when working from home. This includes expenses you incur for:

- ✓ the decline in value of depreciating assets – for example, home office furniture (desk, chair) and furnishings, phones and computers, laptops or similar devices.
- ✓ electricity and gas (energy expenses) for heating, cooling and lighting
- ✓ home and mobile phone, data and internet expenses
- ✓ stationery and computer consumables, such as printer ink and paper
- ✓ cleaning your dedicated home office.

In limited circumstances, you may also be able to claim [occupancy expenses](#) (such as mortgage interest or rent).



## Electricity and gas for heating, cooling and lighting

You can work out the cost of your electricity and gas (energy expenses) for heating, cooling and lighting by using the:

- **cost per unit** of power you use (your utility bill has this information)
- **average units you use per hour**, which is the power consumption (this information may be found in the manufacturer information, the star energy rating label or by searching the internet) and is
  - **per kilowatt (kw) hour** for each electrical appliance, equipment or light you use
  - **per megajoule (MJ) hour** for gas heating appliances you use
- **total annual hours** used for work-related purposes by checking your record of hours worked or your diary.

## Phone, data and internet

If you receive an itemised phone or internet bill, you need to work out your work-related use **over a continuous 4-week period**. You can use your work-related percentage for the 4-week period to work out your expenses for the whole income year.

For example, you can mark your work-related calls on your monthly phone bill and work out your work-related use based on the number of those phone calls compared to your total calls.

For more information and guidance calculations:

You can visit, <https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/>

Home office expenses calculator: <https://www.ato.gov.au/calculators-and-tools/home-office-expenses-calculator/>

## Depreciating Assets (applies for both revised fixed cost method and actual cost method)

If the **item cost \$300 or less** and you use it mainly for a work-related purpose, you can **claim an immediate deduction** for its cost **in the year you buy it**. You can claim a deduction for the decline in value of depreciating assets over the effective life of the item, if it either:

- **cost more than \$300**
- forms part of a set that together cost more than \$300.

You may choose to work out the decline in value of **low-cost assets and low-value** assets with **a cost or opening adjustable value of less than \$1,000** through a **low-value pool**. You calculate decline in value of depreciating assets in a low-value pool using a **diminishing value rate**.

**The Prime Cost Method (also known as the straight-line method) is a method used in Australia for calculating the depreciation of assets for tax purposes. Under this method, the depreciation expense is spread evenly over the useful life of the asset, based on its original cost.**

If you use the asset **for work and private purposes**, you can only claim the work-related portion of the decline in value as a deduction.

## Comparison of the 2 methods

	<b>Fixed Rate Method</b>	<b>Actual Cost Method</b>
Difficulty	Easy	Complex
Records	Total number of actual working hours	Receipts of all the expenses incurred; Records or written evidence of work-related portions
Expenses covered	See slides 10	All
Separate deductions	Depreciating assets (the expenses included in this method cannot be claimed separately)	None
Which method should be selected ?	Prefer the easier method	Have large work-related bills



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