



# **WORKING FROM HOME: DEDUCTIONS**

# HOME OFFICE 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.

There are three methods that can be used  
to determine the total amount of deduction:

*SHORTCUT METHOD*

*FIXED RATE METHOD*

*ACTUAL COST METHOD*

# SHORTCUT METHOD

Using this method, you can claim 80 cents per hour  
for each hour you work from home  
during the period *1 March to 31 December 2020*.

*You can choose to use this rate if you:*

- are working from home to fulfil your employment duties, not just carrying out minimal tasks such as occasionally checking emails or taking calls
- have incurred additional running expenses as a result of working from home

*This method covers all of your work 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

If you are using this method, you can't claim any other expenses for working from home.

You don't need to have a dedicated work area to use this method.

However, 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.

# FIXED RATE METHOD

You can claim a deduction of 52 cents for each hour you work from home for the work-related expenses you incur for additional running expenses.



*This method covers all 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
- the cost of repairs to your home office equipment, furniture and furnishings

*To claim this method, you must keep records of either:*

- your actual hours spent working at home for the year
- a diary for a representative four-week period to show your usual pattern of working at home

*To use this method, you need to have a dedicated work area such as a home office when you work from home.*

*This method does **not** include the following, so you will need to separately calculate your work-related use for:*

- Phone expenses
- Internet expenses
- Computer consumables and stationery - such as ink
- Decline in value of equipment - such as phones, computers and laptops

*To claim the work related portion of these expenses, you must have records such as:*

- Receipts or other written evidence that shows the amount spent on expenses and depreciating assets you purchased
- Phone accounts identifying your work-related calls and private calls to work out your percentage of work-related use for a representative period
- A diary that shows
  - A representative four-week period of your usual pattern of working at home
  - Any small expenses that you can't get a receipt for totalling no more than \$200
  - Your work-related internet use
  - The percentage of the year you used depreciating assets exclusively for work

# ACTUAL COST METHOD

*Under this method, you can claim the additional running costs you directly incur as a result of working from home. This may include the following expenses:*

- Electricity and gas for cooling, heating and lighting
- The decline in value of home office furniture like desk or chair and furnishings
- The decline in value of phones, computers, laptops or similar devices
- Phone expenses
- Internet expenses
- Cleaning, if you use a dedicated area for working
- Computer consumables and stationery – such as ink

If you don't have a dedicated work area, such as a home office, you will generally only incur minimal additional running expenses.

For example, if the area you use for work is a common area of the home such as a lounge room and that area is being used by other members of your household for another purpose (such as, family members watching television) at the same time you're working, you won't be incurring any additional costs for lighting, heating or cooling as a result of working in that room.

*To calculate the work-related portion of your actual expenses, you must have records. You can:*

- Keep a record of the number of actual hours you work from home during the income year
- Keep a diary for a representative four-week period to show your usual pattern of working at home
- Work out the decline in value of depreciating assets
- Work out the cost of your cleaning expenses, that is (if you have a dedicated work area) – for example, a room set up as a home office, by adding together your receipts and multiplying it by the floor area of your dedicated work area – your claim should be apportioned for any
  - private use of your office home
  - use of the home office by other family members
- Work out the costs of heating, cooling and lighting by working out the following:
  - The cost per unit of power used – refer to your utility bill for this information
  - The average units used per hour – this is the power consumption per kilowatt hour for each appliance, equipment or light used
  - The total annual hours used for work-related purposes – refer to your record of hours worked or your diary for this information
- Work out the cost of your phone and internet plan expenses – where you receive an itemised bill, you need to determine your percentage of work use over a four-week representative period
- Work out the costs of computer consumables and stationery by keeping receipts for the items purchased



You must take into account other members of your household when you work out your expenses.

If a member of your household is using the same area of the house or the same service when you're working, you must apportion your expenses accordingly.

To claim a deduction for an asset that costs \$300 or more, you need to calculate the decline in value for Both the period you:

- owned the assets during the income year
- used the assets for work-related purposes

# RECORDS FOR CHANGE IN CIRCUMSTANCES

Regardless of the method you choose to use to calculate your expenses for working from home, you will need to have records.

If your circumstances change part way through the income year – for example, your usual pattern of work from home changes – you will need to keep separate records to show this change.

If you use the four-week representative period to show your usage over the income year, you will need to either:

- complete a new four-week representative period to show your usage in your new circumstances
- keep separate records for the period your circumstances changed

# HOME OFFICE EXPENSES CALCULATOR

[HTTPS://WWW.ATO.GOV.AU/CALCULATORS-AND-TOOLS/HOME-OFFICE-EXPENSES-CALCULATOR/](https://www.ato.gov.au/calculators-and-tools/home-office-expenses-calculator/)

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