

# Working from home tax guide.

Review three calculation methods to calculate your working from home tax deductions including expenses you can and can't claim.



# WORKING FROM HOME RATE

## Calculation Methods

- Shortcut method (80 cents) - only available 1 March to 30 September 2020 [ATO Calculator](#)
- Fixed rate method (52 cents) [ATO Calculator](#)
- Actual cost method [ATO Calculator](#)

## Shortcut method (80 cents) - only available 1 March to 30 Sept 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
- 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
- If you had a work from home arrangement before 1 March 2020, you will need to use one of the existing methods to calculate your deduction for the period 1 July 2019 to 29 February 2020
- Multiple people living in the same house can claim this new rate. For example, a couple living together could each individually claim the 80 cents per hour rate.
- For an employee who worked 40 hours from home each week during the period, it amounts to a deduction of just over \$500.

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

- phone expenses
- internet expenses
- the decline in value of equipment, furniture or depreciating assets
- electricity and gas for heating, cooling and lighting
- if you use this method, you can't claim any other expenses for working from home

You don't have to use the shortcut method, you can choose to use one of the existing methods to calculate your deduction. You can use the method or methods that will give you the best outcome as long as you meet the working criteria and record keeping requirements for each method.

## Fixed rate method (52 cents)

You can choose to use this rate if you:

- Keep records of your actual hours spent working at home for the year and/or a diary for a representative four-week period to show your usual pattern of working at home.

- You can apply the four-week representative period across the remainder of the year to determine your full deduction amount. However, if your work pattern changes you will need to create a new record.
- To use this method, you need to have a dedicated work area, such as a home office when you work from home.

The fixed rate 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.

This method doesn't 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.

## Actual cost method

Under the actual expenses 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 (desk, 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.

To claim a deduction for an asset that cost \$300 or more, you need to calculate the decline in value for both the period you owned the assets during the income year and used the assets for work-related purposes. You can use the [myDeductions](#) tool in the ATO app to keep track of your expenses and receipts throughout the year. It's a fast, easy way to capture information on the go by taking and uploading photos of receipts.

## Expenses you can claim

If you work from home, you will be able to claim a deduction for the additional expenses you incur. These include:

- electricity expenses associated with heating, cooling and lighting the area from which you are working and running items you are using for work
- cleaning costs for a dedicated work area
- phone and internet expenses
- computer consumables (for example, printer paper and ink) and stationery
- home office equipment, including computers, printers, phones, furniture and furnishings – you can claim either the
  - full cost of items up to \$300
  - decline in value for items over \$300.

## Expenses you can't claim

If you are working from home, you can't claim:

- the cost of coffee, tea, milk and other general household items your employer may otherwise have provided for you at work
- costs related to children and their education, including setting them up for online learning, teaching them at home or buying equipment such as iPads and desks
- items that you're reimbursed for, paid directly by your employer or the decline in value of items provided by your employer – for example, a laptop or a phone
- time spent not working, such as time spent home schooling your children or your lunch break.

Employees generally can't claim occupancy expenses such as rent, mortgage interest, water and rates.

## FAQ's

For a more detailed explanation on what you can (and can't) claim on tax if you're working from home [click here](#).