



Australian Government
Australian Taxation Office

Employees working from home

Advice for employees working from home during COVID-19

We understand that due to COVID-19 your working arrangements may have changed. If you have been working from home, you may have expenses you can claim a deduction for at tax time.

Tracking these expenses can be challenging, so from 1 March to 30 June 2020, we have introduced a temporary shortcut method. It's a simple way to calculate these expenses with minimal record keeping requirements.

To claim a deduction for working from home, all of the following must apply:

- ✔ you must have spent the money
- ✔ the expense must be directly related to earning your income
- ✔ you must have a record to prove it.

This means you **cannot** claim a deduction for items provided by your employer or if you have been reimbursed for the expense.

If you are not reimbursed by your employer, but receive an allowance from them to cover your expenses when you work from home, you:

- ✔ must include this allowance as income in your tax return.
- ✔ can claim a deduction on the expenses you incur.

In most cases, if you are working from home as an employee, there will be no capital gains tax (CGT) implications for your home.

Expenses you can claim

If you work from home, you will be able to claim a deduction for the additional running 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
- ✘ 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.



Calculating your expenses

There are three ways you can choose to calculate your additional running expenses:

- ✔ shortcut method – claim a rate of 80 cents per work hour for all additional running expenses from 1 March to 30 June 2020
- ✔ fixed rate method – claim all of these:
 - a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture,
 - the work-related portion of your actual costs of phone and internet expenses, computer consumables, stationery, and
 - the work-related portion of the decline in value of a computer, laptop or similar device
- ✔ actual cost method – claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

You can use the method or methods that will give you the best outcome as long as you meet the criteria and record keeping requirements for each method. For information and examples on how to calculate your expenses prior to 1 March or to use the fixed rate or actual cost methods, see ato.gov.au/home

Shortcut method

You can claim a deduction of 80 cents for each hour you work from home from 1 March to 30 June 2020 as long as you:

- ✔ are working from home to fulfil your employment duties and 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 do not have to have a separate or dedicated area of your home set aside for working, such as a private study. The shortcut method covers all deductible running expenses, including:

- ✔ electricity for lighting, cooling or heating and running electronic items used for work (for example your computer) and gas heating expenses
- ✔ the decline in value and repair of capital items such as home office furniture and furnishings including capital items that cost less than \$300
- ✔ cleaning expenses
- ✔ your phone costs, including the decline in value of the handset
- ✔ your internet costs
- ✔ computer consumables, such as printer ink and stationery
- ✔ the decline in value of a computer, laptop or similar device.

You do not have to incur all of these expenses, but you must have incurred additional expenses in some of these categories as a result of working from home.

If you use the shortcut method to claim a deduction for your additional running expenses, you can't claim any other expenses for working from home for that period.

You must keep a record of the number of hours you have worked from home as a result of COVID-19. Examples are timesheets, diary notes or rosters.

If you use the shortcut method to claim a deduction in your 2019–20 tax return, include the amount at the 'other work-related expenses' question in your tax return and include 'COVID-hourly rate' as the description.

Remember, you can only use this method from 1 March to 30 June 2020. For information on how to calculate your working from home expenses prior to 1 March, or if you choose to use one of the existing home office expenses methods to calculate your deduction, see ato.gov.au/home

Records you must keep

If you use the shortcut method, you must keep a record of the number of hours you have worked from home. This could be a timesheet, roster, a diary or similar document that sets out the hours you worked.

If you use the other methods, you must also keep a record of the number of hours you worked from home along with records of your expenses. For more information on what those records are see ato.gov.au/home.

More information

For more information, visit ato.gov.au/home or speak to a registered tax professional.

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