



New tax break for working from home

COVID-19 has seen lots of us working from home for the first time. In fact, over the last few months 10.5 million Australians (68% of working Australians) have worked from home¹. According to think-tank, The Centre for Future Work, that could spark the end of normal work patterns, with more people requesting the option to work remotely¹.

With tax time upon us, the good news is that the tax office is making it easier to claim the cost of working from home during COVID-19.

A simple 80 cents per hour deduction

For anyone who has always maintained a home office, the general rule of thumb has been to keep receipts of relevant costs like household power and internet, then only claim the portion of those expenses that relate to work. It's a method that calls for plenty of receipt filing and a few calculations, and it typically applies to people who run a business from home².

However, if you've been working from home because of the Coronavirus pandemic, instead of sorting through different costs, you can just claim 80 cents per hour for every hour worked from home³. This is designed to cover all your costs from internet access through to stationery.

All you need to do is record the hours worked from home. So be sure to keep time sheets. You don't even have to have a separate or dedicated area of your home set aside for working, such as a private study.

Under this method, if you worked, say, eight hours a day from home, five days a week, you may be able to claim a tax break of \$32 per week. But you can only use the 80 cents per hour rule for the period between 1 March and 30 June.

A second option is available... See next Page !



Second Method

Or, you can choose another method – claiming 52 cents per hour worked from home for costs like heating, cooling, lighting, and depreciation of your furniture⁴. Then on top of this, you can also claim a deduction for work-related phone, internet, and stationery plus depreciation in the value of your computer.

This option may give you a bigger deduction if, for example, you're a big internet user. But you do need receipts for the additional costs claimed.

You need to be working to claim the cost

One pitfall to be aware of is that in order to claim work from home costs, you need to be working. You can't claim work from home costs if you were on leave or were stood down during the Coronavirus pandemic.

If you've been stood down for example, just checking the occasional email from the boss or staying in touch with your employer over the phone, doesn't count as working from home.

If you're not sure if you're eligible to claim work from home costs, or to decide which method works for you, talk to your tax agent or jump onto the tax office website for more details.

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¹ <http://www.roymorgan.com/findings/8401-coronavirus-working-from-home-may-2020-202005050514>

¹

https://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/3288/attachments/original/1586714739/Working_From_Home_Opportunitites_and_Risks_April2020.pdf?1586714739

¹ <https://www.ato.gov.au/General/property/property-used-in-running-a-business/running-your-business-from-home/>

¹ <https://www.ato.gov.au/general/covid-19/support-for-individuals-and-employees/employees-working-from-home/#:~:text=You%20can%20claim%20a%20deduction,checking%20emails%20or%20taking%20calls>

¹ <https://www.ato.gov.au/general/covid-19/support-for-individuals-and-employees/employees-working-from-home/#:~:text=You%20can%20claim%20a%20deduction,checking%20emails%20or%20taking%20calls>

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