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Employees working from home

As the situation around COVID-19 continues to develop, we understand you may now be working from home and you may incur expenses that you can claim at tax time.

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 instead 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 as outlined in this fact sheet.

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.

We understand that tracking all of these expenses can be challenging at this time. So we will accept a temporary simplified method (or shortcut method) of calculating additional running expenses for the period starting 1 March 2020 until at least 30 June 2020. We may extend this method, depending on when work patterns start to return to normal.

Expenses you can't claim

If you are working from home only due to COVID-19, you:

- cannot claim occupancy expenses such as mortgage interest, rent and rates
- cannot claim the cost of coffee, tea, milk and other general household items your employer may otherwise have provided you with at work.

Calculating running 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
- 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.
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- actual cost method — claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

For more information on how to calculate and claim a deduction under the actual cost method or fixed rate method see [Home office expenses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Home-office-expenses/\)](#).

Shortcut method

You can claim a deduction of 80 cents for each hour you work from home due to COVID-19 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,
- incurring additional deductible 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 rate 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
- cleaning expenses
- your phone costs, including the decline in value of the handset
- your internet costs
- computer consumables, such as printer ink

- 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 those categories as a result of working from home due to COVID-19.

If you use the shortcut method to claim a deduction for your additional running expenses, you cannot claim a further deduction for any of the expenses listed above.

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 and you lodge your 2019-20 tax return through myGov or a tax agent, you must include the note '**COVID-hourly rate**' in your tax return.

Records you must keep

If you use the shortcut method, you only need to keep a record of the hours you worked at home, for example timesheets or diary notes.

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 [Home office expenses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Home-office-expenses/\)](#).

More information

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

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Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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