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COVID-19: Simplifying deductions for working from home, 07 April 2020

The ATO has [announced](#) special arrangements this year due to COVID-19 to make it easier for people to claim deductions for working from home.

The new arrangement will allow people to claim a rate of 80 cents per hour for all their running expenses, rather than calculating costs for specific running expenses.

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. The requirement to have a dedicated work from home area has also been removed.

Assistant Commissioner Karen Foat said the new shortcut method will make it easier for those who are working from home for the first time. "The shortcut method provides a rate of 80 cents per hour and will only require you to keep a record of the number of hours worked from home", Ms Foat said.

The new shortcut arrangement does not prohibit people from making a working from home claim under existing arrangements, where they calculate all or part of their running expenses.

Claims for working from home expenses prior to 1 March 2020 cannot be calculated using the shortcut method and must use the pre-existing working from home approach and requirements.

The ATO will review the special arrangement for the next financial year as the COVID-19 situation progresses.

Example

Bianca is an employee who works as a copywriter and an editor. Bianca starts working from home on 16 March as a result of COVID-19 and replaces her face-to-face meetings with online video conferencing.

Bianca has just bought a new laptop, desk, chair and stationery. She also wants to claim some additional gas, electricity, phone and internet costs due to working from home.

Under the shortcut method, Bianca can now claim all her expenses under a rate of 80 cents per hour. All she needs is her timesheets.

Bianca can also decide to claim using existing working from home calculations. Under that method, Bianca can claim the desk, chair, gas and electricity under the 52 cents per hour, but would need to work out the decline in value of the laptop, and calculate the work-related portion of the laptop, stationery, phone and internet.

Working from home claims for 1 March to 30 June

There are three ways that taxpayers can choose to calculate their additional running expenses for the 1 March–30 June period:

- claim a rate of 80 cents per work hour for all additional running expenses
- claim a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture, plus calculate the work-related portion of your phone and internet expenses, computer consumables, stationery and the decline in value of a computer, laptop or similar device, and
- claim the actual work-related portion of all running expenses, which need to be calculated on a reasonable basis.

The ATO is also reminding people that the three golden rules for deductions still apply. Taxpayers must have spent the money themselves and not have been reimbursed, the claim must be directly related to earning income, and there must be a record to substantiate the claim.

Working from home before 1 March 2020

Claims for working from home expenses prior to 1 March 2020 should be calculated using the existing approaches and are subject to the existing requirements.

Source: ATO [media release](#), 7 April 2020