



An Employee's Guide to Deductions

Many businesses fortunate enough to be in an industry that is conducive to remote workforces have directed their employees to work from home.

For the employee, working from home has resulted in:

- The incurrence of expenditure to establish their work-from-home area; and
- What were previously expenses of a private nature, becoming partially deductible.

The ATO acknowledges this necessary sudden shift to remote work forces and has released updated information on working-from-home deductions.

The Basics

Firstly, to claim a deduction all of the following must be satisfied:

- You must have spent the money.
- The expense must be directly related to earning your income.
- You must have a record to prove it.
- You cannot have been reimbursed for the expense by your employer.
- If you received an allowance in respect of the expense by your employer, the allowance must be included in your assessable income.

What Can Be Claimed?

Unless otherwise stated, immediate deductions in respect of the following expenses can be claimed:

- Electricity expenses for heating, cooling and lighting your work-from-home area and running your work equipment proportionate to your work use.
- Cleaning costs for your work-from-home area.
- Phone and internet expenses proportionate to your work use.
- Stationery and computer consumables (i.e. printer ink, paper).
- Home office equipment such as computers, printers, phones, furniture and furnishings as follows:
 - A full immediate deduction for items with a cost of \$300 or less; or
 - Decline in value deductions over the life of the item if the item cost over \$300.



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What Can't be Claimed?

If you are merely working from home (rather than carrying on a business from home via a home office), you cannot claim the following expenses:

- Mortgage interest, rates or rent with respect to your home.
- The cost of consumables such as coffee, milk, tea and other general household items (i.e. toilet paper!).

Alternative Methods to Calculate Deductions

Due to the complexity of apportioning electricity, phone and internet costs between private and work use – and the complexity of depreciating items costing above \$300 – the ATO offers alternative methods for calculating deductions.

Actual Cost Method	<p>This is the method discussed above under “What Can Be Claimed?”. That is, you actually calculate the apportioned work use of electricity, heating, cooling, phone, internet and either fully deduct or depreciate your work related items (furniture/computers/printers, etc). You must be able to substantiate your deductions with apportionment calculations, invoices and receipts.</p>
Shortcut Method	<p>Rather than track all your expenses, the ATO allows you to merely track your hours worked so as to simply claim a rate of 80 cents per work hour for all expenses. A diary or timesheet should be kept to substantiate hours worked.</p>
Fixed Rate Method	<p>The fixed rate method is a combination of the actual and shortcut methods:</p> <ul style="list-style-type: none"> • A rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture; plus • The work-related portion of your actual costs of phone and internet expenses, computer consumables, stationery; plus • The work-related portion of the decline in value of a computer, laptop or similar device.