

## **Simplified Tax Credit for Home Office Expenses**

### **Background**

On November 30, 2020 the Government of Canada released Supporting Canadians and Fighting COVID-19: Fall Economic Statement 2020 outlining additional measures being implemented to support Canadians. Among these measures was the introduction of a simplified tax credit for those required to work from home during the global pandemic. The report provided the following information:

#### *Section 4.8.3 Simplifying the Home Office Expense Deduction:*

*Millions of Canadians are unexpectedly working from home because of COVID- 19. They are turning their bedrooms, basements and kitchens into offices, and taking on increased household expenses to do their jobs. Canadians working from home can already deduct certain home office expenses for tax purposes, but first-time claimants may not be familiar with the rules and the claim process imposes an administrative burden on employers who are already dealing with the broader impacts of the pandemic and have to fill out additional information for their employees who qualify.*

ETFO members who have worked from home may be eligible to claim their home offices expenses using one of two methods:

1. Temporary flat rate method; or
2. Detailed method.

### **Eligibility**

Employees are eligible to claim a deduction for home office expenses for the period they worked from home, if they meet all of the criteria:

- they worked from home in 2020 due to the COVID-19 pandemic or their employer required them to work from home;
- they worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020;
- have a completed and signed Form T2200S or Form T2200 from the employer (only applicable if the detailed method is used to complete the claim); and
- the expenses are used directly in their work during the period.

### **New Temporary Flat Rate Method**

The new temporary flat rate method is a simplified version of the claim for home office expenses. The maximum that can be claimed under the new flat rate method is \$400. The employer will not be required to fill out a form verifying that the employee worked from home.

Employees can claim \$2.00 per day (up to 200 working days) that they worked from home in 2020 due to the COVID-19 pandemic. This method is meant to cover the cost of home office expenses. Other employment expenses cannot be claimed if this method is used. This method can only be used for the 2020 tax year.

## **What Days May be Claimed?**

Any day an employee worked full-time or part-time from home may be claimed. Any days an employee did not work, or was off for reasons of illness, vacation or other leaves may not be claimed

## **Detailed Method**

The detailed method of claiming home office expenses has also been simplified. The calculations for this method are much more complex and involve determining the percentage of space the home office occupied in the home and the corresponding percentages of expenses (i.e. utilities) that can be claimed. There are clear instructions on the Government of Canada website explaining how to calculate work space and other criteria to be considered (such as common/shared space vs. designated space and number of workers using the home office).

Employees submitting a claim using this method must keep all receipts to verify expenses. Expenses that have been or will be reimbursed by the employer may not be claimed.

To support the use of the detailed method the CRA has:

- created a simplified Form T2200S and Form T777S;
- created a calculator to help you claim the home office expense deduction to which you are entitled; and
- will accept an electronic signature on the Form T2200S and Form T2200 to reduce the necessity for employees and employers to meet in person (applies to the 2020 tax year only).

## **More Information**

For more information please visit

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-229-other-employment-expenses/work-space-home-expenses.html> .