



## ATO introduces new work from home deduction method

More employees are working from home than ever before as a result of COVID-19. The ATO has introduced a new 'shortcut method' in response to this, to simplify the process for those who are claiming work from home deductions for the first time.

The shortcut method allows employees to claim all work-related running expenses at a rate of 80 cents for each hour they work from home during COVID-19. Taxpayers are eligible to claim using the shortcut method as long as they are incurring additional deductible running expenses as a result of working from home.

Deductible running expenses that are covered under the shortcut method rate include:

- Utilities such as heating, cooling and lighting.
- Cleaning costs for your work area.
- Mobile or landline phone expenses for work calls.
- Internet connection.
- Repair costs for home office equipment and furniture.
- Computer consumables and stationery.
- The decline in value of a computer, or similar device.

The new shortcut method applies for expenses incurred from 1 March 2020 to 30 June 2020 for the 19/20 financial year. To claim the deduction, a record of hours worked such as timesheets or rosters must be kept as proof. Minimal work tasks completed at home such as occasionally checking emails or taking calls are not eligible for the deduction.

Alternatively, individuals can also choose to deduct working from home expenses using two pre-existing methods. The actual cost method is where individuals claim the actual portion of running expenses incurred for work by keeping a diary that details the work portion of your household running expenses. This must include receipts and documents supporting your claim.

The fixed-rate method is another method available to individuals, where a fixed rate of 52 cents per hour worked can be claimed. This applies to electricity and decline in furniture value, but the actual work-related portion of expenses such as mobile and internet costs must be calculated separately. Additionally the cost of computer consumables and stationery may be claimed.

Keep in mind that individuals can only claim work from home deductions using one of the three methods. The ATO has also made clear that if you are temporarily working from home as a result of COVID-19, expenses such as rent, mortgage and insurance cannot be claimed. Please give your Accountant a call directly to see how this may apply to your particular circumstances or if you have any questions.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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