Australian Government
Australian Taxation Office

SIRAGUSA
ACCOUNTANTS & ADVISERS

Working from home deduction

To be eligible to claim a deduction for working from home expenses, you must:

- be working from home to fulfil your employment duties, not just completing minimal tasks
- incur additional running expenses as a result of working from home
- have records to show you incurred these expenses and the hours that you worked from home during the income year.

To work out your working from home deduction, you can use the fixed rate method or the actual cost method.

Remember, you can only claim the work-related part of an expense.

Fixed rate method

The fixed rate method allows you to claim a set rate per hour you work from home and covers expenses that are often difficult to apportion. This includes:

- data and internet
- mobile and home phone usage
- electricity and gas
- computer consumables (for example, printer ink)
- stationery.

You don't need a dedicated home office to use this method.

You can't claim a separate deduction for any of the expenses the fixed rate includes.

You can claim a separate deduction for:

- the decline in value of assets used while working from home, such as computers and office furniture
- the repairs and maintenance of these assets
- cleaning (if you have a dedicated home office).

Actual cost method

The actual cost method allows you to claim a deduction for the actual expenses you incur as a result of working from home.

This may include:

- data and internet
- mobile and home phone usage
- electricity and gas
- computer consumables (for example, printer ink)
- stationery
- the decline in value of assets used while working from home, such as computers and office furniture, as well as any maintenance and repairs of these items
- cleaning (if you have a dedicated home office).

The actual cost method requires detailed calculations and records. For example, you will need to know and have records of the cost per unit of electricity and average units used per hour. If you plan to use this method, see ato.gov.au/home

As an employee working from home, you generally can't claim for occupancy expenses, such as rent, insurance or mortgage interest.

Record keeping checklist

Check you have the correct records before claiming a working from home deduction. If you don't have records, don't claim the expense.

You can use the myDeductions tool in the ATO app to keep track of your expenses and receipts throughout the year.

Fixed rate

You will need the following records:

- ☐ A record of all the hours you work from home for the entire year (for example, timesheets, rosters, or a diary) – an estimate won't be accepted.
- ☐ Evidence for the expenses covered by the fixed rate method that you incurred (for example, if you use your phone and electricity when you work from home, keep one bill for each of these expenses).
- ☐ Records for any depreciating assets you claim as a separate deduction (for example, a computer or office furniture), including how you work out your work-related use.

Actual cost method

You will need the following records:

- ☐ A record that represents the hours you work from home (such as timesheets, rosters or diary showing at least a 4-week regular pattern of work)
- ☐ Evidence for every expense that you claim, including receipts, bills or invoices which show the supplier, amount of the expense, nature of the goods, date it was paid and date of the document.
- ☐ Evidence of your personal and work-related use of the items or services you buy and use.

In most cases, a bank or credit card statement on its own is not sufficient evidence of a work related expense.

Decline in value of assets and equipment (applies for both methods)

You will need records for depreciating assets, that show:

- ☐ the name of the supplier, amount of the item, nature of the goods, date it was paid and date of the document
- ☐ when you started using the item for a work-related purpose
- ☐ how you worked out your percentage of work-related use, such as a diary that shows the purpose of and use of the item for work
- ☐ either
  - a copy of the Commissioner's determination of effective life you use to work out the decline in value of the item
  - how you worked out the effective life if you didn't use the Commissioner's determination.
- ☐ which method you chose to work out the decline in value.

This is a general summary only
For more information, go to ato.gov.au/home or speak to a registered tax professional.

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