

## Work-from-home expenses during the 2021 pandemic and your tax return

The Canada Revenue Agency (CRA) has announced a temporary simplified method to allow eligible employees who worked from home due to COVID-19 to claim a maximum deduction of \$500.

Employees who worked at home more than 50 per cent of the time for at least four consecutive weeks can claim \$2 per working day (up to the maximum \$500). This simplified method does not require you to obtain a T2200/T2200S form or maintain documented receipts to validate your claim.

- Working days include any day during which an employee performed work, at home, for the employer. Both full- and part-time employees may count any day they worked.
- Non-working days such as weekends, statutory holidays, vacation or sick days are not counted.

For most employees, this simplified method will provide the maximum deduction allowed **without the detailed record-keeping** normally required for home office deduction claims.

You will need to have detailed receipts for all expenses you are claiming should you choose to exercise the detailed claim option.

It is important to understand the difference between a common workspace and a designated workspace, which is an area in your home **that is only used for work**. An existing home office that contains your personal documents or a spare bedroom containing personal effects is **not** considered a designated workspace by the CRA. Most people required to work from home as a result of COVID-19 will be deemed to be using a common or shared area in their home for work purposes.

### Scenarios to help you evaluate your situation

If you think you might qualify for a higher deduction, please compare your situation with these scenarios.

#### You own your home

Sam is a homeowner who lives in a three-bedroom townhome with other family members. He worked from home continuously from March 15 to December 31, 2021.

The only space available to set up a work area was at the dining table and this space represents eight per cent of the total finished area of the home.

Sam worked an average of 50 hours per week, so the common space is further prorated by 29.76 per cent (50 hours divided by 168 hours per week) for a total claim amount of 2.38 per cent.

The eligible expenses Sam has for a detailed claim are the utilities and the internet access fee which total \$3,250; 2.38 percent of this is \$77.35.

Sam also has invoices for office supplies he paid for, totalling \$125, of which he can claim 100 per cent of the cost.

Using a T2200/T2200S, Sam would only be able to claim \$202.35.

If Sam worked from home for 190 days (excluding weekends, statutory holidays and vacation) a non-accountable deduction (using the simplified method described above) of \$380 would provide a greater deduction.

### **You rent an apartment and share space with another person**

Alexandra and her spouse rent a two-bedroom apartment for \$2,000 per month. They both worked from home continuously from April 1 to December 31, 2021.

Alexandra has set up her workspace in the couple's bedroom, while her spouse is working from the second bedroom that is usually used as the TV room.

Alexandra's space represents 11.25 per cent of the total finished area of the home and she normally works 40 hours per week, allowing her to claim 2.68 per cent of her share of the rent and home internet access.

Total rent and internet access fees are \$18,600. Using the T2200/T2200S method, each spouse may only allocate 50 per cent or \$9,300 to their claim and, at 2.68 per cent, this would limit each of their claims to \$249.24.

If Alexandra worked from home for 180 days (excluding weekends, statutory holidays and vacation) a non-accountable deduction (using the simplified method described above) of \$360 would provide a greater deduction.

Assuming Alexandra and her spouse are eligible for similar claims, that would be a household claim of approximately \$500 using the detailed approach, compared with a simplified claim of \$720.

### **You rent an apartment and live alone**

Zain rents a one-bedroom apartment with a small den that was used for his personal computer and to store household items. From April 1 through December 31, 2021, he also used this space for work.

The den is considered a common space and, based on Zain's working hours of 50 per week, he would be able to allocate 2 per cent of his rent and internet access fee as working-from-home expenses.

Zain's total expenses for a detailed claim requiring a T2200/T2200S are \$20,750. Being able to allocate 2 per cent of that total, Zain is able to claim \$415.00.

If Zain worked from home for 185 days the simplified calculation would result in a \$370.00 claim.

Although the detailed claim provides an additional amount of \$45, the additional tax savings, based on Zain's net taxable income, is only \$18 greater than the simplified method that requires no measurements or documented evidence of expenses.

### **Expenses exceeding \$2 per working day**

Depending on your circumstances, you may be eligible for deductions greater than what the simplified method offers. This will require you to:

- Measure and total the size of your workspace.
- Obtain the total size of all finished areas in your home (including your workspace).
- If using a common space in the home determine average weekly working hours.
- Collect and maintain supporting documents for all of the expenses you can claim for the period(s) you worked from home.

The incrementally greater amount that you may be able to claim using a T2200/T2200S, may not be equal to your investment of time and effort.

### **To make a detailed claim, you will need a confirmation of employment form, available from Debra Scott in Finance.**

Please note this form only validates the condition of employment requiring you to work from home because of the COVID-19 pandemic. It does not provide the value of your eligible deductions, as that is a personal tax matter. **In the event of a CRA audit, you must be prepared to present valid proof (e.g., receipts, floorplans, rental contracts, etc.) of any deductions you have claimed.** The CRA also occasionally performs in-person inspections of home office claims looking at, among other details, proof that the space is being used solely or jointly for working purposes.

Before proceeding with a T2200S form, use the tools that the CRA has created to help you estimate a detailed work-from-home expense claim:

- A comprehensive [list](#) of eligible expenses; and
- A [calculator](#) to assist you in determining the eligible claim amount