



Home Office Expenses for Employees Claiming a Deduction in 2020

What's New?

- In addition to the normal detailed method, for 2020 a temporary flat rate (Simplified) method can be used to claim home office expenses.
- The CRA has created a new simplified form T2200S to be used where employees were required to work from home due to COVID-19.

Who can claim a deduction for home office expenses?

- Employees who were required to work from home by their employer; or
- Employees who worked more than 50% from home for at least four consecutive weeks in 2020 due to COVID-19.

How to make a claim?

Two claim methods

1. Simplified Method

- Only applies to employees working from home due to COVID-19
- Employee not required to have form T2200 or T2200S from employer
- Employee makes a claim using the flat rate of \$2 x number of days worked from home to a maximum of 200 days (maximum claim \$400)
- A full or part day would be counted for the simplified method
- Employee is not required to have any supporting documentation regarding expenses

2. Detailed Method

- Applies to employees working from home due to COVID-19 **or** eligible employees required to work from home (not due to COVID-19)
- Must have a completed and signed form T2200 or T2200S from the employer
- Employee claims actual amounts of expenses paid less any amounts reimbursed by the employer
- Employee must maintain documentation to support any expense amounts claimed



Detailed Method - Claimable expenses

a) Salaried Employee:

- Electricity/heat/water
- Home internet access fees (new for 2020)
- Repairs and maintenance
- Rent

b) Commissioned employees can claim amounts in (a) as well as:

- Home insurance
- Property tax

Note: You can only claim the expenses for the portion of the year you worked from home and not for the entire year.

Detailed Method - Determine your workspace use

Under the detailed method you will need to determine the size of your home and workspace as well as the amount used for employment vs. personal

Size of workspace

To determine the percentage of your home that you use as a workspace use the following formula:

$$\text{Size of workspace} \div \text{Total size of home} \times 100 = \text{your workspace as a \% of your home}$$

Two types of workspaces

1. Designated room – room used only for your workspace and no other purpose
Example: a person has a dedicated workspace used exclusively for employment purposes which comprises 10% of the total area of the house. The employee can claim 10% of all eligible expenses.

2. Common (shared) area - space that has another purpose besides your work (e.g. working at a kitchen table)

If using a common area your claim is based on the employment use of the space and is determined using the number of hours the space is used for employment purposes.

Example: a person works 40 hours per week at the kitchen table, the percentage of employment use would be 23.8% (40 hours ÷ 168 total # hours in week x 100). If the kitchen is 11% of the total size of the home, the percentage of expenses that can be claimed would be 2.6% being 11% (size of kitchen) x 23.8% (percentage of employment use).



What forms will an employee need from their employer in order to use the Detailed Method?

- Employees working from home due to COVID-19 only with no other employment expenses to claim will need form T2200S – *Declaration of Conditions of Employment due to COVID-19*.
- Employees will need form T2200 if either of the following apply:
 - a) Required to work from home as required under their terms of employment, or
 - b) Worked from home due to COVID-19 and have other employment expenses to claim for which they were not reimbursed.
- Note, employees do not need either form in order to make a claim under the Simplified Method.

Which method should you use?

A calculator to help you determine which method would be more advantageous for you (simplified or detailed method) as well as frequently asked questions can be found on the CRA website at the link below:

<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/calculate-expenses.html>