

Claiming a Working from Home Tax Deduction in 2023

During the 2023 financial year the ATO made changes to the way working from home expenses can be claimed as a tax deduction. There are two methods to claim working from home deductions:

1. Fixed rate method
2. Actual cost method.

The changes primarily relate to the fixed cost method.

What hasn't changed is the eligibility requirements. To be eligible to claim working from home, you need to be completing your work duties, not just carrying out minimal tasks like occasionally checking emails or taking calls. You need to be incurring additional expenses as a result of working from home.

1. Fixed Rate Method

A key change this year is the increase in the cents per hour rate from 52 cents to 67 cents.

The 67 cents per hour rate covers:

- Energy expenses (electricity and gas)
- Phone usage (mobile and home)
- Internet
- Stationery
- Computer consumables

You can't claim any additional deduction that relates to these expenses.

Taxpayers using this method are **not** required to have a dedicated home office space.

Record keeping is important if you claim this way.

- You must **keep a record of all hours worked from 1 March 2023 onward**. This could be a roster or timesheet or diary. (*see also Mavrick Partners WFH Record Template*)
- For the period 1 July 2022 to 28 February 2023 you can use a record that is representative of the total hours you worked from home. For example a 4-week representative diary.
- **For 2024 and later years, you are required to keep records of all hours worked through the entire year. That is, you can no longer rely on estimates.**
- You must also keep a record for each expense that is covered by the fixed rate. For example, if you use your phone and electricity when you work from home, you must keep at least one bill of each. Other records could be invoices or credit card statements.

If you use this method, you can also claim the following separately:

- Decline in value of assets used while working at home (eg. computers and office furniture)
- Repair and maintenance of these assets
- Costs associated with cleaning a dedicated home office

2. Actual Method

Using this method you claim the additional expenses you incur when you work from home. You can claim the work-related portion of running expenses such as:

- The decline in value of depreciating assets (eg. Office furniture, phones, computers, laptops)
- Electricity and gas for heating, cooling and lighting,
- Home and mobile phone, data and internet expense
- Stationery and computer consumables
- Cleaning of a dedicated home office

You can only claim the work-related portion as a deduction. This needs to be determined on a reasonable basis. Evidence of each expense and how you determined the work-related portion is required.

Helpful links:

<https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/>

https://www.ato.gov.au/uploadedFiles/Content/IAI/Downloads/Toolkits/TaxTimeToolkit_Workingfromhomededuction.pdf