

Here's what you need to do now to ensure you get it right at tax time!

As businesses around Australia respond to the threat of the COVID-19 outbreak, more and more are taking a safety-first approach and moving some or all of their staff to working remotely.

For people who are used to working 100% at their workplace, they may not be aware of the possible tax deductions they could be entitled to at tax time. What can you claim on your tax return if you work from home?

1. Office Equipment: If you have to buy any office items out of your own pocket (and you're not reimbursed), you can usually claim a deduction for these items. This could include, an office chair, desk, computer, printer, monitor etc.
2. Internet and phone expenses: If you're using your personal phone and internet track of your usage as you'll be able to claim a proportion of your monthly bill as a deduction.
3. Home Office Expenses (two methods):
 - a. Running Costs: This is the easiest way method where you claim at a rate of \$0.45 per hour worked from home
 - b. Occupancy Costs: More complicated... This method involves you calculating a specific amount for each expense you have based on the size of your home office vs the rest of your house. You then claim a portion of items such as electricity, water, heating, rent, mortgage interest. Etc.

Important notes and tips:

There are some very important points you need to be aware of before making any claim:

- First and foremost, if possible have your employer cover the costs for you. That way you get 100% of any expense back in your pocket rather than your marginal tax rate which for most people equals about 20-35%.
- Don't go overboard here! If your employer would not be willing to confirm to the ATO that an item is a requirement for you to do your job, then you probably can't claim it. (e.g: An office worker might need to buy an office chair to work from home, but it's not an excuse to go out and buy a new coffee machine to keep you caffeinated throughout the day.)
- Any item that you will use for both work and personal use need to be apportioned.
- Any item over \$300 needs to be depreciated; you can't claim the costs in full.
- Each person's circumstances are different. If you're not sure whether you fit the criteria for a certain work from home deduction, always ask your tax agent for advice.
- If you are provided any equipment by your employer to work from home (e.g a laptop, or monitor etc) those items cannot be claimed on your return.

-ENDS-

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