



Media release

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New working from home shortcut

The Australian Taxation Office (ATO) is announcing special arrangements this year due to COVID-19 to make it easier for people to claim deductions for working from home.

The new arrangement will allow people to claim a rate of 80 cents per hour for all their running expenses, rather than needing to calculate costs for specific running expenses.

Multiple people living in the same house can claim this new rate. For example, a couple living together could each individually claim the 80 cents per hour rate. The requirement to have a dedicated work from home area has also been removed.

Assistant Commissioner Karen Foat said the new shortcut method will make it easier for those who are working from home for the first time.

“The shortcut method provides a rate of 80 cents per hour and will only require you to keep a record of the number of hours worked from home,” Ms Foat said,

“This recognises that many taxpayers are working from home for the first time and makes claiming a deduction much easier.

“If you choose to use this shortcut method, all you need to do is keep a record of the hours you worked from home as evidence of your claim.”

This new shortcut arrangement does not prohibit people from making a working from home claim under existing arrangements, where you calculate all or part of your running expenses.

Claims for working from home expenses prior to 1 March 2020 cannot be calculated using the shortcut method, and must use the pre-existing working from home approach and requirements.

The ATO will review the special arrangement for the next financial year as the COVID-19 situation progresses.

Example

Bianca is an employee who works as a copy writer and editor. Bianca starts working from home on 16 March as a result of COVID-19 and replaces her face-to-face meetings with online video conferencing.

Bianca has just bought a new laptop, desk, chair and stationery. She also wants to claim some additional gas, electricity, phone and internet costs due to working from home.

Under the shortcut method, Bianca can now claim all her expenses under a rate of 80 cents per hour. All she needs is her timesheets.

Bianca can also decide to claim using existing working from home calculations. Under that method, Bianca can claim the desk, chair, gas and electricity under the 52 cents per hour, but would need to

work out the decline in value of the laptop, and calculate the work-related portion of the laptop, stationery, phone and internet.

Working from home claims for 1 March to 30 June:

There are three ways that you can choose to calculate your additional running expenses for the 1 March – 30 June period:

- claim a rate of 80 cents per work hour for all additional running expenses.
- claim a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture, plus calculate the work-related portion of your phone and internet expenses, computer consumables, stationery and the decline in value of a computer, laptop or similar device
- claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

The ATO is also reminding people that the three golden rules for deductions still apply. Taxpayers must have spent the money themselves and not have been reimbursed, the claim must be directly related to earning income, and there must be a record to substantiate the claim.

Working from home before 1 March 2020

Claims for working from home expenses prior to 1 March 2020 should be calculated using the existing approaches and are subject to the existing requirements.

Additional information

Anyone affected by COVID-19 should visit our website [ato.gov.au](https://www.ato.gov.au), where you will find answers to commonly asked questions. If you require urgent assistance, you can contact our Emergency Support Infoline 1800 806 218

More information about working from home is available at <https://www.ato.gov.au/General/COVID-19/Support-for-individuals-and-employees/Employees-working-from-home/> or on our working from home fact sheet included below.



Employees working from home

Advice for employees working from home due to COVID-19

As the situation around COVID-19 continues to develop, we understand you may now be working from home and you may incur expenses that you can claim at tax time.

To claim a deduction for working from home, all of the following must apply:

- You must have spent the money.
- The expense must be directly related to earning your income.
- You must have a record to prove it.

This means you **cannot** claim a deduction for items provided by your employer or if you have been reimbursed for the expense.

If you are not reimbursed by your employer, but instead receive an allowance from them to cover your expenses when you work from home, you:

- must include this allowance as income in your tax return.
- can claim a deduction as outlined in this fact sheet.

Expenses you can claim

If you work from home, you will be able to claim a deduction for the additional running expenses you incur.

These include:

- electricity expenses associated with heating, cooling and lighting the area from which you are working and running items you are using for work
- cleaning costs for a dedicated work area
- phone and internet expenses
- computer consumables (for example, printer paper and ink) and stationery
- home office equipment, including computers, printers, phones, furniture and furnishings - you can claim either the:
 - full cost of items up to \$300
 - decline in value for items over \$300.

We understand that tracking all of these expenses can be challenging at this time. So we will accept a temporary simplified method (or shortcut method) of calculating additional running expenses for the period starting 1 March 2020 until at least 30 June 2020. We may extend this method, depending on when work patterns start to return to normal.

Expenses you can't claim

If you are working from home only due to COVID-19, you:

- cannot claim occupancy expenses such as mortgage interest, rent and rates
- cannot claim the cost of coffee, tea, milk and other general household items your employer may otherwise have provided you with at work.

Calculating running expenses

There are three ways you can choose to calculate your additional running expenses:

- shortcut method – claim a rate of 80 cents per work hour for all additional running expenses
- fixed rate method – claim all of these:
 - a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture,
 - the work-related portion of your actual costs of phone and internet expenses, computer consumables, stationery, and
 - the work-related portion of the decline in value of a computer, laptop or similar device
- actual cost method – claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

For more information on how to calculate and claim a deduction under the actual cost method or fixed rate method see [Home office expenses](#).

Shortcut method

You can claim a deduction of 80 cents for each hour you work from home due to COVID-19 as long as you are:

- working from home to fulfil your employment duties and not just carrying out minimal tasks such as occasionally checking emails or taking calls,
- incurring additional deductible running expenses as a result of working from home.

You do not have to have a separate or dedicated area of your home set aside for working, such as a private study. The shortcut method rate covers all deductible running expenses, including:

- electricity for lighting, cooling or heating and running electronic items used for work (for example your computer) and gas heating expenses

- the decline in value and repair of capital items such as home office furniture and furnishings
- cleaning expenses
- your phone costs, including the decline in value of the handset
- your internet costs
- computer consumables, such as printer ink
- stationery
- the decline in value of a computer, laptop or similar device.

You do not have to incur all of these expenses, but you must have incurred additional expenses in some of those categories as a result of working from home due to COVID-19.

If you use the shortcut method to claim a deduction for your additional running expenses, you cannot claim a further deduction for any of the expenses listed above.

You must keep a record of the number of hours you have worked from home as a result of COVID-19. Examples are timesheets, diary notes or rosters.

If you use the shortcut method to claim a deduction and you lodge your 2019-20 tax return through myGov or a tax agent, you must include the note '**COVID-hourly rate**' in your tax return.

Records you must keep

If you use the shortcut method, you only need to keep a record of the hours you worked at home, for example timesheets or diary notes.

If you use the other methods, you must also keep a record of the number of hours you worked from home along with records of your expenses. For more information on what those records are see [Home office expenses](#).

More information

For more information, visit ato.gov.au/home or speak to a registered tax professional.

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