

Individual Tax Return 2020: Working from home deductions

Zoom meeting, social distancing, hand sanitising, all have been part of our new normal. Working from home has become a norm, some companies are even considering this to be an effective way of work in the meantime and towards the future. With the changing work environment, it's worthwhile to check out the deductions that may be claimable, so nothing is missed out. Before claiming a deduction, first you must have spent the money and have record to prove it. It also must be directly related to earning your income and not reimbursed by your employer.

As far as deduction goes, most work-related expenses are claimable in your individual tax return, including specific expenses incurred while working from home. Note that someone who keep a dedicated working area is the savvy taxpayers here. Without having the dedicated work area, you may only be entitled to claim a flat rate of hours worked throughout the year. Below are the likely and new deductions that you can claim this financial year ending 30 June 2020:

1. **Computers, laptops, printers and scanners.**

Computer or laptop is possibly one necessity that is most required while working from home. Printers and scanners may have been purchased as well altogether. Generally, item costing above \$300 needs to be depreciated, while items less than \$300 in value can be immediately written off in your tax return. Other hardware such as HDMI cables, power boards, webcams, mouse and keyboards are also deductible.

2. **Productivity software**

The money you spent on your longer-than-40-minutes zoom call, Dropbox, Microsoft Office subscriptions, Antivirus software and other paid software related to your work computers are deductible in proportion of your work-related use.

3. **Mobile phones and accessories**

Not being able to meet in person is difficult. Communication has to be largely based on emails and conversation on the phones. Due to this, purchase of mobile phone and monthly mobile phones expenses are claimable for work related purpose. Mobile phone accessories including headphones, protective case and chargers are also claimable.

4. **Furniture and furnishings**

The fact that safe working from home environment are evaluated every month, put an emphasis on home office furniture and furnishings such ergonomically suitable table and chair to be up to standard. The cost of purchasing these items are claimable in your tax return. Other item such as table lamp to achieve good lighting at your workspace can be claimed in full depending on the value.

5. **Computer consumables and stationery**

Just as printer purchase is claimable, computer consumable items such as printer paper and ink are also claimable. In addition, stationery such as pens, notepads and other stationeries for your home office are also deductible.

6. **Cleaning cost of work dedicated area**

Cleanliness is highly encouraged throughout the pandemic period. Accordingly, sanitising cost of your workstation is also deductible. Things such as surface sanitiser wipes or spray, cleaning tool and products for your work dedicated area are claimable in your tax return.

7. **Internet expenses**

In our cyber network era, it is almost impossible to work without internet. Sending emails, accessing shared server network and those zoom meetings aren't functioning without internet. The cost of your monthly internet expense is claimable in proportion of your work-related usage.

8. Occupancy expenses associated with heating, cooling and lighting working area

As a general rule, you can claim these expenses using a few methods. Actual method is when you claim home electricity bill in proportion of your dedicated working area over the total home area. If you don't have a dedicated working area, the other two methods are applicable to you. These methods use a flat rate and will not entitle you to claim any other expenses in relation to working from home. The base rate is 52 cents per hour for the year 2020. And if you had to work from home from 1 March to 30 June 2020, the rate is increased to 80 cents per hour.

Need further advise on tax savings or would like to get a personalised consultation with the expert?
Contact STC Partners at 08 93621000 or email us at admin@stcpartners.com.au.