

# DLK ADVISORY

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## WORKING-FROM-HOME DEDUCTIONS FOR EMPLOYEES

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If you are an employee and you sometimes work from home, you may be able to claim deductions for some of the expenses you incur, provided you are not reimbursed by your employer. Here, we consider two common types of expenses that employees may claim and how you must substantiate your deductions.

Running expenses such as heating, cooling and lighting costs are only deductible if you exclusively use these services while performing work at home. For example, the ATO says that you would not be able to claim deductions for these expenses if you work on your laptop while sitting next to your partner who is watching TV.

However, if you perform work in a room when others are not present, or in a separate room dedicated to work activities, you may be able to claim some running expenses.

In practice the ATO accepts two methods for calculating your deduction: either a simple rate of 52 cents per hour worked (effective from 1 July 2018), which covers all the running expenses you can claim, or you can claim the work-related proportion of actual expenses incurred by maintaining thorough records and evidence. This is a more complex method, requiring advice for taxpayers who would be entitled to claim more than the 52 cents per hour rate would allow.



You can claim up to \$50 in total for all work-related device usage charges (phone calls, text messages and internet) with basic documentation only. However, if you need to deduct more than \$50, you must maintain detailed written evidence to substantiate the work-related proportion of your expenses.

Deductions for electronic devices are calculated separately. If you purchase these items to help you earn income, you may be entitled to an immediate deduction for items costing \$300 or less, or a deduction for decline in value for more expensive items.

Occupancy expenses such as rent, mortgage interest, council and water rates, land taxes and insurance premiums are usually not deductible for employees who work from home.

The ATO also says that casual employees cannot claim deductions for telephone rental expenses, as they are not considered to be "at call".

If you work from home as an employee, talk to us today to check whether you are claiming all the expenses you are entitled to. We can also help you ensure that you are keeping adequate records and evidence to protect you in the event of an ATO audit.

## **CONTACT**

If you have any queries, please feel free to contact us.

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