

What You Need To Know About Deducting Work-From-Home Expenses From Your Taxes

The CRA has extended the temporary flat-rate method for this and next tax season. Here's how it works.

Deanne Gage Updated February 23, 2022



(Photo: iStock)

While employees who primarily worked from home have always been able to claim work expenses, the Canada Revenue Agency has streamlined the process. You can apply one of two ways: a temporary flat-rate method (extended for the 2021 and 2022 tax years) or the traditional detailed method.

To qualify, you must have worked at home more than 50 percent of the time in a four-consecutive week period in 2021, and the same stipulations apply for next year's tax season, says **Janet Gray, an Ottawa-based financial planner at Money Coaches Canada.**

How does the temporary flat-rate method work?

The flat rate is \$2 for each day you worked at home due to COVID-19 to a maximum of \$500 or 250 working days, an increase from \$400 and 200 working days in 2020. It doesn't matter if the days you worked are full time or part time, and they don't need to be consecutive days.

You just **simply claim the appropriate amount and submit form T777s**, a statement of employment expenses, with your income taxes.

(Note that days off for vacation or illness do not count in your work calculations.)

With this straightforward option, you don't have to keep receipts, calculate the workspace allotment in your home, or get a form signed by your employer. One caveat: You cannot claim any other employment expenses.

How does the detailed method work?

As the name implies, this method is a more involved process. To apply this way, besides filling out [T777s](#), you must also have a completed and signed form [T2200s](#) from your employer. CRA will accept electronic signatures on this form from both you and the employer.

You will need to calculate the percentage of your home you use for a workspace. Let's say you use your home office. You need to take the size of your workspace (let's say 200 square feet) and divide by the square footage of your home (let's say 2,000 square feet). That translates to 10 percent of your home devoted to workspace. But let's say you use your dining room, which is not obviously used for work. You then need to do further calculations (i.e., the hours per week you use it for work) to determine the true percentage for workspace in your home. Go to the [CRA calculator](#) to assist you.

If you are an employee who is paid a salary, you can deduct a portion of your hydro, rent, heat, home internet access fees, and cell phone minutes, says Liisa Tatem, a chartered public accountant and financial planner at Money Coaches Canada in Toronto. If you work partially or solely on commission, you are also allowed to claim a percentage of your home insurance and property taxes. As for office supplies, you can claim the full amount on form [T777s](#) if you are required to buy them for your work, Tatem says.

Watch out for the things you cannot claim as an employee: mortgage interest, mortgage payments, home internet connection fees, furniture and capital expenses are all no nos. Those are deductions specifically for the self-employed. So, that pricey ergonomic chair you

just bought when your back needed more support? Wise purchase—but not a tax claim.

Tatem says the detailed method makes sense if you regularly worked from home as an employee prior to the pandemic and have already received a form from your employer. “If you have a lot of expenses, CRA has created a [special calculator](#) where you can see which method is more advantageous to your situation,” she says.

Keep in mind that you can only claim the expenses in the part of the year you actually worked from home, Tatem says. Finally, if you do choose to follow the detailed method, don’t forget to save all your receipts in case CRA asks to verify them.

For all the details on work-at-home deductions, visit this extensive [CRA page](#).