

# Millions of Canadians will qualify for a tax refund this year because they were working from home — here's how to apply

By Rosa Saba Business Reporter  
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It's safe to say that the 2021 tax season will be one for the books.

Millions of Canadians have been working from home for the first time ever due to the pandemic and will be eligible to claim new expenses to reduce their taxes. In particular, many former office workers will be able to claim expenses related to their home office to reduce the amount payable — if they meet the criteria.

Interested in seeing whether you qualify? Read on.

## Watch out for changes

Janet Gray, an Ottawa-based certified financial planner with national firm Money Coaches Canada, said this tax season comes with many unknowns.

“We know what the rules have been,” she said. “We don't know how they're going to be applied against the current situation, or if there's going to be new rules coming out.”

Evelyn Jacks, author and president of the Knowledge Bureau, agreed. The CRA has been unclear on how it'll assess these claims, she said, but so far the rules haven't changed.

Gray expects a lot of people to appeal their tax bills, especially if the rules around how to claim home office expenses aren't adjusted to make it easier to claim. She recommends turning to a tax professional if you have any doubts about your situation.

## What you can claim, and how

If you're employed but working from home for the first time, your employer will be filing a second tax form — alongside the usual T4, there's a form called a T2200 that will help guide what you can and cannot claim.

If you're working from home as an employee, you can claim a portion of your utilities, rent or condominium fees, and a few other minor expenses such as renewable supplies like paper or pens, said Jacks. The proportion is determined by how much space your office takes up — for example, if your home office is 20 per cent of your home, you can claim 20 per cent of your applicable bills. But, you have to meet the CRA's conditions for a home office.

According to the federal government's website, your home office must meet one of these two conditions: either it's where you primarily work (more than 50 per cent of the time), or you use it only to earn employment income, and use it on a continuous basis for meetings such as with clients or customers.

However, Jacks said some of these criteria could pose an issue for people who are new to working from home. First, if they haven't been working at home for long enough, it may be difficult to meet that 50 per cent mark, she said. And your office space needs to be partitioned in some way, so that you can measure it in square feet, she said — another problem for those who are making do at the kitchen counter or in the living room. And of course, Jacks is wondering whether the CRA will count Zoom meetings as part of that second condition.

Jacks hopes the CRA will change the rules to make it easier for people to claim these expenses. After all, for those using a makeshift office in a small home, whether you can claim the space as an office or not is “a grey area.” She recommends partitioning off a small area for work the best you can.

“It challenges our tax system to modernize,” she said.

Brian Quinlan, partner at Campbell Lawless LLP, suggests arguing that the room you're using is your home office as its “principal” use — even if it's used for other purposes when you're not working.

“Those are the arguments I would make,” he said.

Quinlan said you should be communicating with your employer, especially if working from home is becoming a long-term solution for your company. It's always better if they reimburse you for home office expenses, he said, instead of having to claim them and hope for a return.

Tracey Bissett, a financial coach with Bissett Financial Fitness Inc., agreed. She said it's possible there are reimbursements available that your employer hasn't communicated to you.

If you are claiming your home office expenses for the first time, don't expect a huge return, she said. In fact, it may not be worth the effort and potential audit for some, she said. (Gray expects more auditing this year to check that people are claiming the correct expenses.)

“I think it really depends on your situation,” Bissett said.

If two people in the home are working in the same office, Quinlan said they can either split the cost 50/50 on their claims, or have the person with the more advantageous tax rate claim the whole office. If they've got two separate offices or workspaces, each would claim their own, he said.

## **Be reasonable**

Remember that you're not the only person facing a confusing tax season during an unprecedented and stressful time. Gray recommends just doing the best you can, and hiring a tax professional if there's any confusion.

The bottom line, Jacks said, is to be reasonable with the expenses you claim, and hope the CRA will be too.