

WFH and COVID-19 Deducting Home Office Expenses as an Employee

COVID-19 has forced many employees to work from home (WFH) for the first time in their careers. It is estimated **almost five million Canadians transitioned from working at an office to their home at the outbreak of COVID-19**, joining approximately 1.8 million employees who already were working exclusively from home. The combined total represents almost 4 out of 10 Canadian workers.

If you were one of the almost 7 million Canadians who worked from home for a part, or all, of 2020 **you may be eligible to deduct certain home office expenses from your employment income.**

In anticipation of the material increase in employees eligible to claim home office deductions, the Canada Revenue Agency (CRA) introduced a temporary, simplified method for reporting WFH expenses. Employees who qualify can choose to report expenses using the temporary **simplified method** or the existing, and more complex, **detailed method.**

5 million.

Number of employees who started working from home at the onset of COVID-19

1.8 million.

Number of employees already working from home prior to COVID-19

4 out of 10.

The proportion of Canadian workforce who worked from home due to COVID-19

Are you eligible to claim a home office deduction?

To be eligible under either method, an individual must meet all the following criteria:

- Their employer required them to work from home, or they worked from home due to COVID-19;
- They worked from home more than 50% of the time for a period of at least four consecutive weeks; and
- The WFH expenses were incurred and directly related to their work during the identified period.

Employees who meet the above conditions will be eligible to claim a home office deduction.

What's the difference: simplified vs detailed method

Simplified method

The simplified method uses a straightforward, flat rate method for calculating the WFH deduction. An employee **can claim \$2 per day for each day worked from home** due to COVID-19, up to a **maximum of \$400** (200 days) for 2020. Each person in a household who meets the above eligibility criteria may claim their appropriate amount.

Days worked full- or part-time count towards this calculation, but sick days, vacation days, leaves of absence, or other days off do not.

Please be aware that if using the simplified process, it covers off all home office expenses, meaning other employment expenses such as stationery cannot be claimed.

Detailed method

To claim home office expenses under the detailed method, an employee is required to have:

- **Form T2200** “Declaration of Conditions of Employment” or **Form T2200S** “Declaration of Conditions of Employment for Working At Home Due to COVID-19” **signed and completed by their employer**; and
- **Receipts** to support expenses claimed.

The T2200/T2200S forms are required by CRA to confirm that an employee’s terms of employment and that they are required to pay for their employment expenses, including those related to their home office and supplies. These forms do not have to be submitted with the employee’s Income Tax Return (T1) but should be kept on file in case it is requested by CRA.

Home office expenses, along with other employment-related expenses, are reported on **Form 777** “Statement of Employment Expenses” included in an employee’s T1. Home office expenses such as utilities, security, rent, repairs and maintenance, and supplies such as stationery or additional phone lines that are not reimbursed by the employer can be claimed on a reasonable basis. The total amounts of such expenses are reflected and the **pro-rata share or specific expense** relating to the home office space **can be deducted**.

Table 1. Simplified vs detailed method

Simplified Method	Detailed Method
T2200 or T2200S not required	Requires a Form T2200 or T2200S signed and completed by your employer
No receipts necessary	The taxpayer must be able to provide receipts/ records to support expenses claimed if subsequently requested by CRA
Flat \$2 per day worked from home to a maximum of \$400 (200 days)	Can deduct eligible expenses based on number of days and pro-rata work area (to total home area)
Other employment expenses not permitted	May claim other employment expenses
Each qualifying family member in the household may claim the deduction	The same expenses relating to the same work area cannot be claimed by multiple household members, for shared use, each can claim a pro-rata share

Deciding between the simplified and detailed methods

While it is difficult to broadly recommend one method over the other without considering specific circumstances, there are a few useful guidelines.

1. The detailed method requires an employer to sign a completed T2200/T2200S and the taxpayer is required to maintain receipts/records of the expenses claimed. This is simply a question of record-keeping or choosing simplicity.
2. Having a larger, pro-rata workspace in the home, not sharing the workspace with another member of the household, and having additional employment expenses to deduct that are in excess of \$400 suggest the detailed method may provide additional tax relief.
3. Sharing a small multi-use space and having no other expenses to deduct will make the simplified method more attractive.

As an additional resource, CRA has a [calculator](#) that asks a few straightforward questions regarding the employee's home office and which method CRA would suggest using.

For additional guidance on deducting WFH expenses, please see: [Frequently asked questions - Home office expenses for employees - Canada.ca](#).

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