

# Working from Home Expenses for the 2020 Taxation Year

## Frequently Asked Questions (FAQ)

The COVID-19 pandemic has forced an increasing number of people to work from home to protect themselves and others from acquiring a disease that has killed thousands in Canada and millions worldwide. The World Health Organization had declared COVID-19 a pandemic, and several provinces had announced states of emergencies by early March 2020. Statistics Canada data reveals that by the last week of March 2020, 40 per cent of Canadian workers were working from home. That compares to less than 10 per cent of the Canadian workforce that had the option to work remotely in 2018.


The pandemic has resulted in many CUPE members having to work from home. Members are working in their basements, kitchens, dining rooms and bedrooms, and are having to pay for expenses related to their employment. Canadians who were working from home prior to the pandemic had the ability to deduct certain expenses from their income tax. But most CUPE members don't normally work from home and won't necessarily be familiar with how to claim home office expenses on their personal income tax.

To address this dilemma, the Federal Government announced in its Fall Economic Statement a new tax credit for all those working from home due to the COVID-19 pandemic:

*To simplify the process for both taxpayers and businesses, the CRA will allow employees working from home in 2020 due to COVID-19 with modest expenses to claim up to \$400, based on the amount of time working from home, without the need to track detailed expenses, and will generally not request that people provide a signed form from their employers. This measure will help taxpayers access deductions they are entitled to receive and simplify the tax filing process.*

This simplified process aims to reduce the administrative burden on workers and employers for the 2020 taxation year.

Note that on December 16, 2020, Revenue Quebec announced a tax credit of \$2 per workday to a maximum of \$400 for the 2020 taxation year, consistent with the measures announced by the Canada Revenue Agency (CRA).



## **Frequently Asked Questions:**

### ***Who is eligible to claim the new tax credit?***

Any worker who worked from home more than 50 per cent of the time in 2020, for at least 4 consecutive weeks, due to the COVID-19 pandemic is eligible to claim the new tax credit. You can claim the deduction on line 22900, *Other Employment Expenses*, on your 2020 income tax return. The deduction applies to the 2020 taxation year only. It is designed to cover a portion of the costs associated with having a home office such as internet access fees, office supplies, cell phone minutes, electricity, and paid rent.

The tax credit allows workers to claim \$2 for each day they worked from home due to the pandemic to a maximum of \$400, which equates to 200 total working days. To calculate the amount of your deduction, count the total number of days you worked in 2020 and multiply by \$2 per day. This amount will be your claim for 2020 up a maximum of \$400 per individual.

Most CUPE members will find that claiming the tax credit will provide the greater deduction, and that the time and effort required to claim expenses greater than \$2 per workday won't result in a greater income tax return. The CRA anticipates that most workers will opt for the tax credit to a maximum of \$400.

Refer to the following *Working From Home* infographic for more information:

<https://www.canada.ca/content/dam/cra-arc/serv-info/tax/individuals/topics/what-changes-are-en.pdf>

### ***Will the new tax credit apply to the 2021 taxation year?***

The CRA won't speculate if the new tax credit would apply to the 2021 taxation year. However, the government has stated it will continue to examine ways to reduce the administrative burden for employers and workers going forward.

### ***What's considered a workday to claim the new tax credit?***

According to the CRA, a workday is any day an employee works at home on behalf of their employer. Both full-time and part-time employees are eligible to claim the tax credit regardless of the number of hours worked per day. A workday does not include any non-workday such as weekends, statutory holidays, vacation, sick or personal days, paid and unpaid leaves of absence, even if some of those leaves are paid by the employer.

### ***Can I claim the \$2 per day even if I did not work a full day (shift) at home?***

Yes

### ***Can I claim the \$2 per day if I worked overtime?***

Yes

## **Can I claim the \$2 per day even if I've been reimbursed by my employer for some of my home office expenses?**

Yes

## **Can I claim the tax credit if my employer did not require me to work at home due to the pandemic but allowed it upon request?**

Yes, in this situation the CRA will consider you to have worked from home on behalf of your employer.

## **What if more than one person in my household worked at home in 2020 due to the pandemic?**

Each worker who worked at home in 2020 due to the pandemic is eligible to claim the \$2 per workday for home office expenses to a maximum of \$400.

## **What if I worked at home before the pandemic?**

According to the CRA, employees who worked at home prior to the pandemic as a condition of employment will continue to receive Form T2200, Declarations of Conditions of Employment (and Form TP-64.3 in Quebec), from their employer to claim home office expenses. Form T2200 certifies that your employer requires you to work at home and pay your own employment expenses.

## **Am I required to keep receipts or other documentation if I decide to claim the tax credit?**

The tax credit can be claimed without having to provide documented proof of expenses and without having to obtain from your employer a completed and signed Form T2200S or Form T2200. However, the CRA has the right to review your claim to validate your eligibility, so it is advisable to keep original copies of receipts.

## **What if my home office expenses are more than \$2 per workday?**

You may be eligible to claim deductions greater than \$2 per workday if you meet **all** the following criteria:

- You worked at home in 2020 due to the pandemic **OR** your employer required you to work at home;
- You worked more than 50 per cent of the time at home for at least 4 consecutive weeks;
- You have a completed and signed Form T2200 or Form T2200S from your employer; and
- The expenses you are claiming are directly related to your work.

Form T2200S, *Declaration of Conditions of Employment for Working at Home During COVID-19*, is a simplified version of Form T2200. **Form T2200S is only to be used by those workers who worked at home due to the pandemic and are claiming deductions greater than \$2 per workday.** Form T2200S is confirmation that you worked at home in 2020 due to the pandemic and

were responsible for paying home office expenses. You cannot claim the tax credit *and* submit Form T2200S.

You are required to provide the following information to the CRA if you are opting for the more detailed method of claiming working from home expenses greater than \$2 per workday:

- The total size of your home office in square feet or metres;
- The total size of your house in square feet or metres; and
- Average weekly hours of work if your home office is located in a common household space such as a dining room, kitchen, den, bedroom, etc.

You are also required to keep all receipts for expenses that you claim on your income tax in the event the CRA wants to verify your claim.

### ***Which eligible expenses can I claim using the detailed method?***

You may be eligible to claim expenses, or a portion of expenses, related to the purchase of home office supplies if:

- You are claiming deductions greater than \$2 per workday;
- Your employer requires you to pay for the purchase of home office supplies; and
- The purchased items are used in the direct performance of your job.

The CRA has created a [comprehensive list](#) of eligible home office expenses that can be claimed including:

- Envelopes and folders
- Pencils, pens, and highlighters
- Printer ink cartridges and toner
- Printer paper
- Specialty paper (e.g. graph paper and tracing paper)
- Notebooks and sticky notes
- Paper clips and binder clips
- Stationary items
- Stamps and postage
- Paid rent
- Condominium fees
- Utilities costs (electricity, heat, water)
- Home internet access fees
- Maintenance and minor repair costs

The following expenses are ineligible and cannot be claimed:

- Furniture (e.g. chair or desk)
- Wall decorations
- Computer laptop or tablet
- Computer monitor, mouse, or speakers

- Home internet connection fees
- Printer, scanner, or fax machine
- Keyboard or wireless keyboard
- Headset or headphones
- Calculator
- Mortgage interest and payments
- Capital expenses (e.g., replacing windows, flooring, heating and cooling systems)

Use [Form T777S](#), *Statement of Expenses for Working at Home due to COVID-19*, or Form T777, *Statement of Employment Expenses*, to calculate your allowable employment expenses. Either Form must be filed with your tax return depending on your circumstances. The CRA has also created a [calculator](#) that you can use to determine the amount of your home office expenses.

### ***Can my employer refuse to give me a completed and signed Form T2200S or Form T2200?***

It's the choice of individual employers to provide employees with a completed and signed Form T2200S or T2200. There is no legislative requirement that obligates an employer to do so. The CRA does not permit an employee to make a detailed claim for home office expenses without obtaining from their employer a completed and signed Form T2200S or Form T2200. Individual workers can use the CRA's online [calculator](#) to determine whether they should ask their employer for the Form **OR** claim the tax credit to a maximum of \$400.

Contact the Canada Revenue Agency at

<https://www.canada.ca/en/revenue-agency.html>

## Sources:

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Canadian Payroll Association, *Work Space in the Home Expenses: Frequently Asked Questions*, December 17, 2020.

Canada Revenue Agency Online:

[Home office expenses for employees](#)

[Simplifying the process for claiming a deduction for home office expenses for employees working from home due to COVID-19](#)

[Employer-provided benefits and allowances: CRA and COVID-19](#)

[Frequently asked questions – Home office expenses for employees](#)

[Infographic: Working from home?](#)

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