

## TIPS FOR TRACKING HOME OFFICE EXPENSES

If you are working from home more the 50% of the time, you will be able to claim home office expenses on your 2020 tax return. Deducting workspace-in-the home expenses from your income will lower your taxable income which means you will pay less income tax.

### 1. Calculate your home office deductions

To determine the amount of household expenses you can claim as your home office expenses, calculate the size of office as a percentage of your home's total size.

$$\text{Total area of home office} \div \text{Total area of home} = \% \text{ of home used as home office}$$

For example, if you home is 1200 square feet and your office space is 120 square feet, your office is 10% of your home's total size.

$$120 \text{ ft}^2 \div 1200 \text{ ft}^2 = 10\%$$

If you are using the space in your home exclusively as a home office, such as a spare bedroom or other room, you don't have to do any further calculations.

If you use your home office for both personal and business use (such as using your bedroom, kitchen or dining room as your home office space), you must calculate the portion of time you use your space for work and then apply that figure to your percentage.

$$\text{Hours space is used for work} \div 24 \text{ hours} = \text{Use \%}$$

For example, if you use the space 8 hours per day every day for business you use it as a home office 33% of the time.

$$8 \div 24 = 33\%$$

Now, to calculate the total percentage of household expenses that you can claim as your home office expenses, multiply the **usage %** by the **% of home used as home office** – the product of

those two numbers is the percentage of home office expenses you can deduct as home office expenses

Use % X % of home used as home office = % of home office expenses to deduct

Therefore, in our example where our home office was 10% of the total area of our home and we used the space for work 33% of the time, our total % of home office expenses to deduct is 3%

## 2. Eligible expenses

As an employee working from home you may claim a percentage of household expenses for heat, electricity, water, maintenance and rent if applicable.

If you have maintenance costs that are related exclusively to your home office, you can deduct the entire portion of these expenses.

It is easiest to use a spread sheet to keep track of these expenses for each month you are directed to work from home more the 50% of the time.

Since you are receiving \$70/month for Internet charges from the Tłıchq Government, you **cannot** claim this as a home office expense.

## 3. Maintaining your records

You must keep all your receipts and bills for a period of 6 years.

You will also require a T2200 – Declarations for Conditions of Employment from the Tłıchq Government.

### Resources

- Can you deduct home office expenses if you are force to work from home during the pandemic? <https://business.financialpost.com/personal-finance/taxes/can-you-deduct-home-office-expenses-if-youre-forced-to-work-from-home-during-the-pandemic>
- Home Office Deductions for Self-Employed and Employed Taxpayers. <https://turbotax.intuit.ca/tips/home-office-deductions-for-self-employed-and-employed-taxpayers-6388>
- Tax Considerations for Helping Employees – COVID-19. <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/tax/ca-en-tax-considerations-aoda.pdf>