



ATO announces changes to working from home deductions

The ATO has refreshed the way that taxpayers claim deductions for costs incurred when working from home to better reflect contemporary working from home arrangements.

Last updated 16 February 2023

The Australian Taxation Office (ATO) has refreshed the way that taxpayers claim deductions for costs incurred when working from home. The changes better reflect contemporary working from home arrangements.

Assistant Commissioner Tim Loh explained that taxpayers can choose one of two methods to claim working from home deductions: either the “actual cost” or “fixed rate” method. Only the fixed rate method is changing.

The revised fixed rate method applies from 1 July 2022 and can be used when taxpayers are working out deductions for their 2022–23 income tax returns.

‘First things first, make sure you are eligible to claim working from home expenses. To claim your working from home expenses, you must be working from home to fulfil your employment duties, not just carrying out minimal tasks, such as occasionally checking emails or taking calls. Also, you must incur additional expenses as a result of working from home.’

‘No matter which method you use, make sure to keep records. This will give you more flexibility to choose the method that gives you the best deduction at tax time depending on your circumstances.’

Mr Loh said these changes provide benefits for those using the revised fixed rate in 2022–23.

‘Items that are difficult and tedious for everyday Aussies to calculate actual work-use, like phone, internet and electricity expenses, are included in the revised rate. Assets and equipment that typically give taxpayers a bigger deduction, such as technological items and office furniture, are not included in the revised rate and need to be claimed separately.’

‘Another benefit is that you no longer need a dedicated home office to use the fixed rate method.’

Mr Loh reassured taxpayers who haven’t kept records so far this income year that transitional arrangements are in place for 2022-23.

‘From 1 July 2022 to 28 February 2023, we’ll accept a record which represents the total number of hours worked from home (for example a 4 week diary). From 1 March 2023 onwards, taxpayers will need to record the total number of hours they work from home.’

‘And remember, you can’t claim for things like coffee, tea, milk and other general household items, even if your employer may provide these kinds of things for you at work.’

Revised fixed rate method

The revised fixed rate method can be used from the 2022–23 income year onwards. The changes are:

Rate

- The cents per work hour has increased from 52 cents to 67 cents.

What’s covered by the rate

- The revised fixed rate of 67 cents per work hour covers energy expenses (electricity and gas), phone usage (mobile and home), internet, stationery, and computer consumables. No additional deduction for any expenses covered by the rate can be claimed if you use this method.

What can be claimed separately

- The decline in value of assets used while working from home, such as computers and office furniture.
- The repairs and maintenance of these assets.
- The costs associated with cleaning a dedicated home office.

Home office

- The revised fixed rate method doesn't require taxpayers to have a dedicated home office space to claim working from home expenses.

Record keeping

- Taxpayers need to keep a record of all the hours worked from home for the entire income year – the ATO won't accept estimates, or a 4-week representative diary or similar document under this method from 1 March 2023.
- Records of hours worked from home can be in any form provided they are kept as they occur, for example, timesheets, rosters, logs of time spent accessing employer or business systems, or a diary for the full year.
- Records must be kept for each expense taxpayers have incurred which is covered by the fixed rate per hour (for example, if taxpayers use their phone and electricity when working from home, they must keep one bill for each of these expenses).

Actual cost method

The **actual cost method** hasn't changed. Taxpayers can claim the actual work-related portion of all running expenses.

This includes keeping detailed records for all the working from home expenses being claimed, including:

- all receipts, bills and other similar documents to show taxpayers have incurred the expenses, a record of the number of hours worked from home during the income year (either the actual hours or a diary or similar document kept for a representative 4-week period to show the usual pattern of working at home).
- a record of how taxpayers have calculated the work-related and private portion of their expenses (for example, a diary or similar

document kept for a representative 4-week period to show the usual pattern of work-related use of a depreciating asset such as a laptop).

The ATO is reminding taxpayers that if they are claiming their actual working from home expenses, they can't claim a deduction for expenses which have already been reimbursed by their employer.

More information

No matter which method is used, if taxpayers purchase assets and equipment for work and it costs more than \$300, they can't claim the full amount immediately. For each of these items, the deduction must be claimed over a number of years and the work portion claimed (known as decline in value or depreciation).

The ATO has online calculators to help taxpayers work out the **decline in value** of assets and equipment purchased. There is also the **myDeductions** tool in the ATO app, which can help keep track of expenses.

Taxpayers needing assistance or advice about claiming working from home expenses can also seek the assistance of a registered tax professional.

More information about working from home, including example calculations, is available at ato.gov.au/home

Notes to journalists

- ATO file footage is available for use in news bulletins from our **media centre**.
- A headshot of **ATO Assistant Commissioner Tim Loh** is available for download from our media centre.
- ATO Assistant Commissioner Tim Loh is available for interviews on request to the Media Unit.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).