

# Working from home and tax return: what you need to know

*With the pandemic, working remotely has become the norm for many Quebecers. If you didn't have a home office before 2020, how does this affect your tax filing? Josée Cabral, Senior Tax Specialist at H&R Block, provides an overview of eligible expenses.*

## **3 criteria for an eligible home office**

This year, the Canada Revenue Agency and Revenu Québec have simplified their procedures for claiming home office expenses for anyone who doesn't usually work from home, but started doing so in 2020 because of the pandemic.

As an employee, three criteria apply for home office deductions to be eligible. "You must have been working from home due to COVID-19 for more than 50% of the time, for an uninterrupted period of at least 4 weeks, without your expenses being reimbursed by your employer", summarizes Ms. Cabral. Two different calculation methods may then be used – either a temporary fixed-rate method or a detailed method.

## **The temporary fixed-rate method**

In short: you may deduct \$2 per day of remote work, for up to 200 days and a maximum of \$400. "If you've been working from home for 25 days per month in March, April and May, that's a total of 75 days and a \$150 credit," explains the specialist. This method doesn't require any forms to be reviewed and approved by your employer, nor does it require you to keep invoices as supporting evidence. Good news: this \$400 deduction can be claimed at both the federal and provincial levels, for a total of \$800.

## **The detailed method**

Using this method, your eligible expenses are calculated in proportion to their use for business purposes. "Power and heating bills, as well as rent or mortgage interest can all be deducted according to the relative space your home office takes up," continues Ms. Cabral. This ratio can be based on square footage or the number of rooms: for example, a room entirely dedicated to the office in a 2-bedroom apartment (with kitchen and living room) allows 25% of the costs to be deducted.

Expenses related to your Internet connection or mobile phone are not based on this home office space, but rather on their use for work. "If you use these services half for yourself and half for work, you can deduct 50% of the amount of each bill for the months you were working from home," adds Ms. Cabral.

Finally, office supplies (e.g. pencils, paper, toner, etc.) and maintenance or repair costs specific to your home office are fully deductible.

For these expenses to be eligible, you must complete a form and have it approved by your employer, either the federal T2200S form or TP-64.3-V provincial form, as well as keep clear copies of detailed invoices. “It’s a good idea to scan or take photos of your invoices, as they may become illegible over time,” recommends the tax specialist.

[Learn more about eligible expenses](#)

### **Ineligible expenses**

You can’t deduct any expenses that have already been reimbursed by your employer, nor can you deduct capital expenses. “This means that you can’t deduct the price of furniture or an office chair, or major home renovations to set up an office in your basement,” says Ms. Cabral.

### **Trust tax professionals**

Every year, H&R Block specialists attend over 70 hours of training to stay up to date with the latest tax changes and gain understanding into every credit you’re entitled to. “Keep your invoices and receipts well organized, and come see us as early as early as possible,” says Ms. Cabral. “This should give you a general idea of your tax situation and whether you’re likely to get a refund or have tax to pay. If you have a balance owing, a tax specialist can help you determine what you can do to reduce this amount – for example, by making sure you take advantage of all the tax credits and deductions to which you are entitled before your tax return deadline,” concludes Ms. Cabral.

[Find a local H&R Block office to speak to a tax specialist about your tax needs.](#)