

INFO SHEET 4

TEMPORARY COVID-19 RELIEF MEASURES – SIMPLIFIED CLAIM FOR HOME EXPENSES FOR 2020 TAXATION YEAR

In light of the large number of employees who have been required to work from home due to the COVID-19 pandemic, the CRA has introduced a temporary simplified method for claiming the home office expense deduction (the "Flat Rate Method").

To qualify, an employee must have been required to work from home due to the COVID-19 pandemic for at least four consecutive weeks during 2020. Such eligible employees will be entitled to claim \$2.00 for each day they worked from home in that period, as well additional days worked from home in 2020 due to the COVID-19 pandemic, up to a maximum of \$400.00 (i.e. 200 days total).

Employees will have to choose between the temporary Flat Rate method for claiming home expenses, and the traditional, detailed approach to deducting home office expenses (the "Detailed Method"). **If employees choose to file under the Flat Rate Method, the CRA has indicated that employees will not be entitled to make other employment expense deductions, such as motor vehicle expenses.**

To facilitate the deduction of home office expenses, the CRA has developed a simplified Form T777S (Statement of Expenses for Working at Home Due to COVID-19), which must be completed by the employees claiming this deduction and filed with their income tax return for 2020. The T777S requires the employee to elect a claim under the Flat Rate method (described above – \$2.00/day, up to a maximum of \$400.00), and the Detailed Method (which generally permits the deduction of a proportion of eligible expenses incurred while working at home, for which the employee was not reimbursed by his or her employer).

In addition, the CRA has developed a simplified Form T2200S (Declarations of Employment for Working at Home Due to COVID-19) for employees electing to file under the Detailed Method which must be prepared and signed by the employer (the CRA has indicated that it will accept electronic signatures). The simplified form requires the employer to provide information regarding the employee, and answer three questions (did the employee work from home due to COVID-19, did the employer reimburse the employee for home office expenses, and if so, was the amount included on the employee's T4 slip).

Eligible expenses for employees electing to claim home expenses under the Detailed Method include the following:

- rent paid for a home or apartment where the employee lived;
- electricity, water, heat or the utilities portion of the employee's condominium fees;
- maintenance (minor repairs, cleaning supplies, light bulbs, paint, etc.);
- home internet access fees;
- office supplies (stationary items, pens, folders, sticky notes, postage, toner, ink cartridge, etc.);
- employment use of a basic cell phone service plan;
- long distance calls for employment purposes.

Ineligible expenses include:

- capital cost allowance;
- mortgage interest;
- principal mortgage payments;
- capital expenses (replacing windows, flooring, furnace, etc.);
- office equipment (printer, fax machine, briefcase, laptop case or bag, calculator, etc.);
- monthly basic rate for a landline telephone;
- cell phone connection or license fees;
- purchase of a cell phone, computer, laptop, tablet, fax machine, etc.;
- computer accessories (monitor, mouse, keyboard, headset, microphone, speakers, webcam, router, etc.);
- other electronics (television, smart speaker, voice assistant, etc.);
- furniture (desk, chair, etc.).

For additional eligible expenses, see Canada.ca/cra-home-workspace-expenses.

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