



## ***HOME OFFICE EXPENSES***

### **NECESSARY CRITERIA TO BE ESTABLISHED**

The Taxation Office will generally **not** allow you to claim for expenses associated with your home unless your employer considers it necessary for you to work from home and the following criteria can be established:

- it is normal practice in your industry to perform some work duties from home; and
- it is a part of your current job specification; and
- it is a condition of your employment, although not necessarily evidenced/documentated in writing.

### **DIFFERENCE BETWEEN “RUNNING” AND “OCCUPANCY” EXPENSES**

Generally speaking, “running expenses” are claimed by salary and wage earners who satisfy the above. Occupancy expenses may be claimed by people running a business from home.

### **“RUNNING EXPENSES” - WAGES & SALARY EARNERS**

If you have a dedicated home office study which is used solely for work duties at home, you may be able to claim a portion of heating, power and airconditioning costs, cleaning, leasing of equipment and depreciation of equipment i.e. furniture and computers. A “reasonable” claim can be based on floor area. Note, **no capital gains tax implications arise** when you are merely working from home as a matter of convenience in continuing your employment/business duties and only entitled to claim “running expenses”.

### **“OCCUPANCY EXPENSES” - PLACE OF BUSINESS**

Where part of your home is in fact used solely for income producing activities and has the character of a “**place of business**”. The Tax Office has **advised** the following may be indicative that a home office is a “**place of business**” where:

- the area is clearly identifiable as a place of business;
- the area is not readily suitable or adaptable for use for private or domestic purposes in association with the home generally;
- the area is used exclusively or almost exclusively for carrying on a business; or
- the area is used regularly for visits of clients or customers.

A proportion of occupancy expenses may be claimed such as interest (on home loan), rent (on a flat, apartment, home unit, etc), house insurance, municipal and water rates, heating/cooling and lighting expenses, leasing charges, costs of repairs on items of furnishings in the office, cleaning costs and pest control, security, decorating, including painting or wallpapering etc, telephone rental and call charges, and any other “occupancy” or “running expenses”. Where part of your sole or principal residence, purchased after 19 September, 1985 has been used as a “**place of business**”, **capital gains tax may apply** to that portion of any profit on sale.

# HOME OFFICE WORKSHEET

**CLIENT NAME** \_\_\_\_\_

Separate Home Office/Study

YES  NO

Wage Earner

YES  NO

Place of Business

YES  NO

Business Usage

Squares of office

\_\_\_\_\_

Squares of house

\_\_\_\_\_

Percentage of business use

\_\_\_\_\_

**Running Expenses for Wage Earner**

\$

Cleaning

\_\_\_\_\_

Gas

\_\_\_\_\_

Power

\_\_\_\_\_

Depreciation of Equipment (i.e. computers)

\_\_\_\_\_

Lease of Equipment

\_\_\_\_\_

**Total Expenses**

\_\_\_\_\_

**Business Percentage**

\_\_\_\_\_

**Deduction Claimed**

=====

**Occupancy Expenses for Business**

Interest on home mortgage

\_\_\_\_\_

Rent on house or unit

\_\_\_\_\_

Contents Insurance

\_\_\_\_\_

Building Insurance

\_\_\_\_\_

Rates

\_\_\_\_\_

Repairs to office furniture, etc

\_\_\_\_\_

Power

\_\_\_\_\_

Gas

\_\_\_\_\_

Depreciation of equipment

\_\_\_\_\_

Cleaning

\_\_\_\_\_

Any other expenses

\_\_\_\_\_

**Total Expenses**

\_\_\_\_\_

**Business Percentage**

\_\_\_\_\_

**Deduction Claimed**

=====

**Client Signature** \_\_\_\_\_ **Date :** \_\_\_\_\_