

This Month:

- Home office expenses for 2020 – CRA's simplified rules due to Covid-19

Home Office Expenses – CRA's amended rules for 2020

For 2020, there will be two options for employees to claim home office expenses: the **new temporary flat rate method** and **the detailed method**.

The temporary flat rate method

This new method will simplify the claim for home office expenses. An employee will be eligible to use this method if they worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020 due to the Covid-19 pandemic. This would include employees who were not required to work from home, but their employer provided them with the choice to work at home because of the Covid-19 pandemic.

The employee can claim \$2 for each day they worked from home during that 4-week period plus any additional days worked from home in 2020 due to the Covid-19 pandemic. The maximum that can be claimed using the new temporary flat rate method is \$400 (200 working days) per individual.

The employer will NOT be required to complete and sign form T2200/T2200S and employees will NOT be required to keep documents to support the expense claim.

Each employee working from home who meets the eligibility criteria can use the temporary flat rate method. That is, the claim is not limited per household, but per qualifying employee. A day of part-time work also qualifies for the \$2/day deduction.

This method cannot be used if the employee is also claiming other employment expenses such as automobile deductions, or if the employee was fully reimbursed for their home office expenses.

The \$2/day deduction cannot be claimed for vacation or sickness days or paid or unpaid leave.

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The detailed method

The detailed method applies to employees working from home due to the Covid-19 pandemic or other employees who are required by the terms of their contract to work from home. With this method, an employee can claim the actual amounts paid, supported by documents. There are specific rules as to what is eligible to be claimed under the detailed method that is beyond the scope of this article.

Under the detailed method, an employer must also have completed and signed form T2200S or form T2200. The T2200 is the usual form that an employer would complete to certify a variety of employment related expenses which an employee was required to pay, and to indicate if any allowances were provided by the employer. The T2200S is a one-page, simplified version of the T2200, to be used for employees who worked from home due to the Covid-19 pandemic but who opt out of the flat rate method. The T2200S is simplified because the employer will only have to confirm that the employee worked at home due to the pandemic, whether they were reimbursed for home office costs, and whether those reimbursements are reported on the employee's T4.

The T2200S can **only** be used to justify claiming home office expenses. An employee wanting to claim motor vehicle expenses, tools or other employment expenses will need the T2200 from their employer.

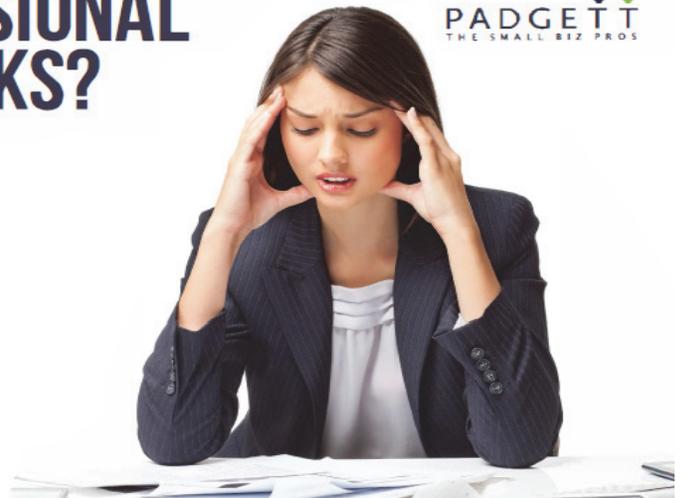
For employees who rent rather than own their home, they will likely be better off using the detailed method rather than the flat rate method.

Employers will have to consider whether they will produce and distribute T2200S forms for all employees who were working from home because of the pandemic, or only if requested by the employee.

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