

NOTE ON TAXATION OF HOME OFFICE EXPENSES

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With the COVID-19 pandemic and change in the workplace, more taxpayers are face, willingly or not, to work remotely from home and need to consider income tax implications of home office expenses. The objective of this note is to present and summarize the federal Canadian taxation rules regarding home office expenses focusing on work-place-in-the-home, office supplies and phone for employees. As special rules applies for taxation year 2020, those are outlined. Previous regular rules are also mentioned, but may change in future years.

Home office expenses are deducted in net employment income calculations as ‘Other employment expenses’ (part of net income) in T1 annual (2020) income tax return.

Other deductions to employees are not covered in this note, such as travel expenses / motor vehicle expenses, salesperson’s expenses, or deductions applicable to specific types of employees, such as transportation employees, employees working in forestry operations, employed artists, employed tradespersons. GST/HST considerations are not covered either. Income tax implications are limited to federal level and Canada Revenue Agency (CRA) interpretations.

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A number of Canada Revenue Agency (CRA) interpretations are available and may be revised without notice. You could refer to a number of webpages on CRA website:
<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-229-other-employment-expenses/work-space-home-expenses.html>

Different contexts

Home office expenses varies depending on the taxpayer’s context.

Employment income	Employee	Selling of property / Negotiating contracts for the employer
		Other employees
Business income	Sole Proprietor	

The note adopts the employee perspective, and more specifically the ‘regular’ employees (other than those selling properties or negotiating contracts).

Summary of special rules for 2020 and COVID-19

Special rules are in place for 2020 due to COVID-19 pandemic.

Home office expenses in 2020 (COVID-19)



Relevant CRA forms (T777S, T2200S, T777, T2200) are included in appendices to the note.

Methods for 2020 and other years

		<u>Types of expenses</u>	<u>In 2020</u>	<u>Other years</u>
Temporary flat rate method		only home office expenses	option 1	not applicable
Detailed method	simplified	only home office expenses	option 2	not applicable
	regular	other than home office expenses	method	
		home office expenses and other employment expenses		method

Characteristics and advantages of simplified methods for 2020

	<u>For employees</u>	<u>For employers</u>
Temporary flat rate method	simple method flat rate (not actual expenses paid) no need to determine your actual expenses no need to calculate the size of your work space no need to calculate the hours you use the space for work no need to keep documents to support your claim each employee, not household simple Form T777S not possible to claim any other employment expenses (e.g. motor vehicle expenses)	no need to complete and sign Form T2200S or T2200
Detailed method simplified	simplified method actual expenses paid need to calculate the size of your work space need to calculate the hours you use the space for work need to keep supporting documents need to can claim actual amounts paid simple Form T777S (instead of longer T777)	need to complete and sign Form T2200S
	CRA created a simplified Form T2200S and Form T777S	
	CRA created a calculator to help you claim the home office expense deduction that you are entitled to	
	CRA will accept an electronic signature on the Form T2200S and Form T2200 to reduce the necessity for employees and employers to meet in person (applies to the 2020 tax year only)	

Temporary flat rate method (2020 only)

Eligibility

Each individual working from home who meets the eligibility criteria can use the temporary flat rate method to calculate their deduction for home office expenses. This means multiple people working from the same home can each make a claim.

Eligibility criteria

To use this method to claim the home office expenses you paid, you must meet all of the following (4) conditions:

- You worked from home in 2020 due to the COVID-19 pandemic.
 - Q: What if you chose to work from home?
 - A: If you were not required to work from home, but your employer provided you with the choice to work at home because of the COVID-19 pandemic, then the CRA will consider you to have worked from home due to COVID-19.
 - Q: What happen if multiple employees working in the same home?
 - A: Each employee working from home who meets the eligibility criteria can use the temporary flat rate method to calculate their deduction for home office expenses.
- You worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020.
- You are only claiming home office expenses and are not claiming any other employment expenses.
- Your employer did not reimburse you for all of your home office expenses.
 - Q: What if your employer has reimbursed you for some of your home office expenses?
 - A: You can still use the temporary flat rate method, if you meet the eligibility criteria.

Calculations

Total number of days you worked from home in 2020 due to COVID-19	_____	x 2\$	=	\$ _____ (maximum \$400)
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- Q: What counts as a work day?
- A: Days that can be counted
 - = days you worked full-time hours or part-time hours from home
- Days that cannot be counted
 - = days off, vacation days, sick leave days, other leave or absence
- Q: How many days between March 13 and December 31, 2020?
- A: 293 days in total, including 84 weekend days (Saturday and Sunday) or 90 days (if also holidays between December 24 to 31)

Form by employee

Form T777S (option 1 portion) submitted by employee with T1 annual 2020 tax return
No need to keep in personal tax file Form T2200S or T2200

Form by employer

No form (T2200S or T2200) required from employer

Types of expenses claimed

Only regarding home office expenses (not actual expenses, but flat rate)

Detailed method (simplified) (2020 only)

Eligibility

Eligibility criteria

To claim the actual expenses you paid for working from your home, you must meet all of the following (5) conditions:

- One of the following applies:

You worked from home in 2020 due to the COVID-19 pandemic.

or

Your employer required you to work from home.

Note: This does not have to be part of your employment contract and may be a written or verbal agreement.

Q: What if you chose to work from home?

A: If you were not required to work from home, but your employer provided you with the choice to work at home because of the COVID-19 pandemic, then the CRA will consider you to have worked from home due to COVID.

- You were required to pay for expenses related to the work space in your home.

- One of the following applies:

Your work space is where you mainly (more than 50% of the time) work for a period of at least four consecutive weeks in 2020. The period can be longer than a month.

or

You only use your work space to earn employment income. You also have to use it regularly and continually for meeting clients, customers, or other people while doing your work.

- The expenses are used directly in your work during the period.

- You have a completed and signed copy of Form T2200S or Form T2200 from employer.

Calculations

Whether you work at the dining table or in a spare bedroom, there are several factors to consider when calculating your employment use of the work space.

Size of your home and work space

Size of your home

All finished areas within the home count towards the size of the home. This includes: hallways, bathrooms, kitchen. You can measure this in square metres (m²) or square feet.

Size of your work space

Types of work spaces

There are two types of work spaces:

Designated room	A designated room is used only for your work (for example, a spare room).
Common (shared) area	A common area is a space that has other purposes besides your work (for example, working at a kitchen table or using the family computer room).

The size of the space you work in must be reasonable. You can measure this in square metres or square feet. The formula to calculate a rectangle or square is: Length x Width

If you have an open concept design, you would use a reasonable percentage of the open space as your work space. You cannot use the entire floor space as your work space.

Determine the percentage of your home that you use as a work space

To determine the percentage of your home that you use as a work space, use this formula:

$$\text{Size of your work space} \div \text{Size of your home} \times 100 = \text{Work space as a \% of your home}$$

Hours per week you use the space for work

The number of hours you use the space for work can affect the amount of expenses you can claim, and depends on the type of your work space: a common (shared) area or designated room.

Designated room	Common (shared) area
<p>Your claim is not affected by the number of hours you use the space for work. For example, if you work 40 hours a week in your dedicated room: 40 hours (hours worked)</p> <p>=100% (% of time you can claim for the work space)</p>	<p>Your claim is based on your employment use of the space and is determined using the number of hours the space is used for work. For example, if you work 40 hours a week at the kitchen table: 40 hours (hours worked) ÷168 hours (7 days x 24 hours/day) (total hours in a week) x 100 (to convert into a percentage) = 23.8% (% of time you can claim for the work space)</p>
<p>Example: 20 m² (area of X's work space in his home) ÷ 200 m² (total finished area) x 100 (to convert into a percentage) = 10% (% of home X uses as work space)</p> <p>\$1,200 x 10% = \$120.00</p>	<p>Example: 12% (size of work space compared to the entire finished area of the home) x 23.8% (40 hours worked per week ÷ by 168 hours/week) x100 (to convert into a percentage) = 2.8% (% of home that is used as a work space) \$1,200 x 2.8% = \$33.60</p>

Q: What happen if one employees working in the home?

A: If only one person in your home uses a work space, that person will claim the whole employment use of that work space.

Q: What happen if multiple employees working in the same home?

A: - Different work spaces: Each employee will calculate their employment use of the work space they are using.

- Sharing the same common area work space: Each employee will calculate their employment use of the work space they are sharing.

- Sharing a designated work space: Each employee will calculate their employment use of the work space they are sharing.

Q: What happen if change of work space?

A: If you use different work spaces in your home, or you move to a new property, you will need to claim the expenses you paid for each work space separately.

Form by employee

Form T777S (option 2 portion) submitted by employee with T1 annual tax return

Need to keep in personal tax file Form T2200S or T2200 (no submission), if asked by CRA

Form by employer

Form T2200S or T2200 required from employer

Types of expenses claimed

Only home office expenses (see list of expenses)

Detailed method (regular) (2020 and other years)

Eligibility

Eligibility criteria

To claim the actual expenses you paid for working from your home, you must meet all of the following (5) conditions:

- One of the following applies:

You worked from home in 2020 due to the COVID-19 pandemic.

or

Your employer required you to work from home.

Note: This does not have to be part of your employment contract and may be a written or verbal agreement.

Q: What if you chose to work from home?

A: If you were not required to work from home, but your employer provided you with the choice to work at home because of the COVID-19 pandemic, then the CRA will consider you to have worked from home due to COVID.

- You were required to pay for expenses related to the work space in your home

- One of the following applies:

Your work space is where you mainly (more than 50% of the time) work for a period of at least four consecutive weeks in 2020. The period can be longer than a month.

or

You only use your work space to earn employment income. You also have to use it regularly and continually for meeting clients, customers, or other people while doing your work.

- The expenses are used directly in your work during the period.

- You have a completed and signed copy of Form T2200S or Form T2200 from employer.

Note: You cannot claim any expenses that were or will be reimbursed by your employer.

Keep a copy of Form T2200S or Form T2200, in case we ask to see it.

Calculations

See list of expenses on Form T777 submitted

Form by employee

Form T777 submitted by employee with T1 annual tax return

Need to keep in personal tax file Form T2200S or T2200 (no submission), if asked by CRA

Form by employer

Form T2200 form required from employer

Types of expenses claimed

Home office expenses and other than home office expenses (see list of expenses)

Home office expenses (2020)

Two main categories: Work-space-in-the-home expenses and Office supplies and phone expenses. A different list is offered for 2020 compare to previous (and future?) years with more details.

Deductions for employee		Salesperson /Negotiator Commission employees	Other employees
ITA reference >>>		8(1)(f)	8(1)(i)
<i>Work-space-in-the-home</i>			
Rent paid for a house or apartment where you live (%)		Yes	Yes
Cost of residence (or rental value)		No	No
CCA (capital cost allowance) on residence		No	No
Mortgage interest and principal mortgage payments		No	No
Utilities (electricity, heat, water), including % of condominium fees			Yes
Home insurance		Yes	No
Property taxes		Yes	No
Maintenance and minor repairs costs (light bulbs, cleaning materials) (100% if related to the work space only; % if related to the work space as well as other areas of the home; 0% if related to a part of the house that you did not use as a work space)			Yes
Home internet	home internet access fees	Yes	Yes
	home internet connection fees	No	No
	home internet lease of modem/router fees	No	No
Lease on assets (cell phone, computer, laptop, tablet, fax, etc.) (that reasonably relate to earning commission income)		Yes	No
Cost of capital assets (computer, cellular, tablet, fax)		No	No
CCA on assets (computer, cellular, tablet, fax)		No	No
Interest on purchase of assets		No	No
<i>Supplies and phone expenses</i>			
Office supplies (ex: stationary, pens, pencils, paper clips, charts)			Yes
Telephone	monthly basic home phone (land-line) rate	No	No
	amount paid to connect or licence a cellular phone	No	No
	cellular telephone basic service plan (minutes / data) (if plan reasonable; % employment; show consumption)	Yes	Yes
	long-distance phone calls charges made for work	Yes	Yes
Telegrams			Yes

More details on Work-space-in-the-home expenses

Work-space-in-the-home (ITA 8(1)f, i), (13))

(any part of a self-contained domestic establishment in which an individual resides) (IT-352R2 #2)

Work-space-in-the-home expenses - Not eligible

Salaried employees and commission employees cannot claim: furniture, home renovations, capital expenses (replacing windows, flooring, furnace, etc), wall decorations.

More details on Office supplies (ITA 8(1)(i); IT-352R2 #9,#10)

Office supplies

Q: What can be claimed?

A: An item that is used up while directly performing your job.

Q: How much to claim?

A: You can claim only the expense, or portion of the expense, you use for work.

Office supplies - Eligible

Salaried employees and commission employees can claim: envelopes; folders; highlighters; ink cartridges; note-books; paper clips or binder clips; pens or pencils; printer paper; speciality paper (for example: graph paper, tracing paper); stamps or postage; stationery items; sticky notes; toner.

Office supplies - Not eligible

Salaried employees and commission employees cannot claim: blue light eye glasses; briefcase; calculator; chair; charging or connecting cables; coffee supplies; computer monitor; computer mouse; computer, laptop, or tablet - cases or bag; computer, laptop, or tablet - protection plans; desk; electrical room heater or fan; ergonomic examination; ergonomic foot rest; external harddrive; garbage or recycle bins; graphing equipment; headset or headphones; house-plants; keyboard or wireless keyboard; lamps; laptop stand; microphone; mouse pad; online subscriptions; paper shredder; power bar or surge protector; printer; protective mat for office floor; router - purchase; safe, lock box, or lock; scanner; smart speaker; software; speakers; specialized printer (for example: large scale, high resolution); storage containers or cabinets; television; USB drive; voice assistant; webcam.

More details on Phone expenses

Phone - Not eligible

Salaried employees and commission employees cannot claim: cases, protection plans.

Summary of Home Office Deductions (without 2020 rules)

		Sole Proprietor	Employee		
			Salesperson /Negotiator	Other	
ITA reference >>>		9	8(1)(f)	8(1)(i)	8(1)(i)
<i>Work-space-in-the-home</i>					
Rent (%)		Yes	Yes		Yes
Cost of residence		No	No		No
CCA on residence		Yes	No		No
Mortgage interest		Yes	No		No
Utilities (electricity, cost of fuel)		Yes		Yes	Yes
Home insurance		Yes	Yes		No
Property taxes		Yes	Yes		No
Maintenance and minor repairs (light bulbs, cleaning materials, minor repairs)		Yes		Yes	Yes
Telephone /internet	monthly basic service charge	Yes	No		No
	amount paid to connect or licence a cellular telephone	Yes	No		No
	cellular telephone airtime	Yes	Yes		Yes
	long-distance charges	Yes	Yes		Yes
Cost of capital assets (computer, cellular)		No	No		No
CCA on assets (computer, cellular)		Yes	No		No
Lease on assets (computer, cellular)		Yes	Yes		No
Interest on purchase of assets		Yes	No		No
<i>Supplies and other expenses</i>					
Office supplies (stationary, pens, pencils, paper clips, charts)		Yes		Yes	Yes
Telegrams		Yes		Yes	Yes
Books		Yes	No		No
Salaries paid to an assistant		Yes		Yes	Yes

Limit on Deductions

	Sole Proprietor	Employee		
		Salesperson /Negotiator	Other	
ITA reference >>>	9	8(1)(f)	8(1)(i)	8(1)(i)
Reasonable				
Limit on employment deductions	No limit	Commission income	No limit	No limit
Limit for work space in home deductions regarding employment income (8(13))			x	x
- Not possible to deduct in excess of remaining employment income (not creating or increasing a loss from employment) - Possible to carry forward following year for same employer		x	x	x
- Reasonable (% work space)		x	x	x

The work-space-in-the-home expenses you can claim are limited when:

- you work only a part of the year from your home:
You can only claim the expenses you paid in the part of the year you worked from home. You cannot claim the expenses you paid for the whole year.
- you have multiple income sources:
You can claim work-space-in-the-home expenses only from the income the expenses relate to, and not from any other income.

Calculator

A calculator is available on Canada Revenue Agency (CRA) to help a taxpayer navigating the rules.

English version

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-229-other-employment-expenses/work-space-home-expenses/calculate-expenses.html>

Version française:

<https://www.canada.ca/fr/agence-revenu/services/impot/particuliers/sujets/tout-votre-declaration-revenus/declaration-revenus/remplir-declaration-revenus/deductions-credits-depenses/ligne-229-autres-depenses-emploi/espace-travail-domicile-depenses/calculez-depenses.html>

General conditions for deductions by employees (without 2020 rules)

General conditions (ITA 8(1)(f), 8(1)(i), 8(9), 8(13))

- employee was required to pay own's expenses (employment contract / Form T2200) (individual's employment contract specifying work from home arrangement)
- no reimbursement or not entitled to reimbursement
- reasonable amounts
- expenses may reasonably be regarded as applicable to earning employment income
- only current expenses, not capital expenses
- certificate signed by employer (ITA8(10); IT353R2, #1).
 - For deductions under ITA 8(1)(c); 8(1)(f); 8(1)(h); 8(1)(h.1); 8(1)(i)(ii) or 8(1)(i)(iii)
 - Form T2200 and Form T777
- documentation on expenses (receipts, proof of payment) for review or audit by CRA
- special rules for COVID-19 during 20202 taxation year
 - Form T2200S and Form T777S

Additional test to claim home office expenses (on work space in home expenses (ITA 8(13)))

Would have to meet one of two tests :

- (a) work there principally (more than 50% of the time);
 - place where the individual principally performs the duties of employment
- or
- (b) meet clients, etc., there on a regular and continuous basis
 - place used exclusively during the period for earning employment income and
 - place used on a regular and continuous basis for meeting customers or other persons in the ordinarily course of performing the duties of the office or employment
 - ! CRA interpretation of meeting = face-to-face meeting
 - ? concession by CRA for Zoom or Skype meeting

Additional test to claim supplies (ITA 8(1)(i))

- supplies consumed directly in the performance of the taxpayer's duties of employment

References (Canada Revenue Agency (CRA))

Income Tax Folio S4-F2-C2 Business Use of Home Expenses (October 3, 2017)

IT-352R2 - Employee's Expenses, Including Work Space in Home Expenses (August 26, 1994)

IT-514 - Work Space in Home Expenses (February 3, 1989)

IT-521R - Motor Vehicle Expenses Claimed by Self-Employed Individuals (December 16, 1996)

IT-522R - Vehicle, Travel and Sales Expenses of Employees (March 29, 1996)

Form T2200 Declaration of Conditions of Employment signed by employer (2020, 3p.)

Form T2200S Declaration of Conditions of Employment signed for Working at Home Due to COVID-19 (2020, 1p.)

Form T777 Statement of employments expenses with T1 return (details of expenses)

Form T777S Statement of employments expenses for Working at Home Due to COVID-19 (2020, 2p.)

Guide T4044 Employment Expenses (2020, 40p.)

ITA Deductions and limitations on home office expenses (extracts from the Income Tax Act (ITA))

Deductions (ITA 8(1))

In computing a taxpayer's income for a taxation year from an office or employment, there may be deducted such of the following amounts as are wholly applicable to that source or such part of the following amounts as may reasonably be regarded as applicable thereto:

Sales expenses (ITA 8(1)(f))

where the taxpayer was employed in the year in connection with the selling of property or negotiating of contracts for the taxpayer's employer, and

- (i) under the contract of employment was required to pay the taxpayer's own expenses,
- (ii) was ordinarily required to carry on the duties of the employment away from the employer's place of business,
- (iii) was remunerated in whole or part by commissions or other similar amounts fixed by reference to the volume of the sales made or the contracts negotiated, and
- (iv) was not in receipt of an allowance for travel expenses in respect of the taxation year that was, by virtue of subparagraph 6(1)(b)(v), not included in computing the taxpayer's income, amounts expended by the taxpayer in the year for the purpose of earning the income from the employment (not exceeding the commissions or other similar amounts referred to in subparagraph 8(1)(f)(iii) and received by the taxpayer in the year) to the extent that those amounts were not
- (v) outlays, losses or replacements of capital or payments on account of capital, except as described in paragraph 8(1)(j),
- (vi) outlays or expenses that would, by virtue of paragraph 18(1)(l), not be deductible in computing the taxpayer's income for the year if the employment were a business carried on by the taxpayer, or
- (vii) amounts the payment of which reduced the amount that would otherwise be included in computing the taxpayer's income for the year because of paragraph 6(1)(e);

Dues and other expenses of performing duties (ITA 8(1)(i))

(i) an amount paid by the taxpayer in the year, or on behalf of the taxpayer in the year if the amount paid on behalf of the taxpayer is required to be included in the taxpayer's income for the year, as

- (i) annual professional membership dues the payment of which was necessary to maintain a professional status recognized by statute,
- (ii) office rent, or salary to an assistant or substitute, the payment of which by the officer or employee was required by the contract of employment,
- (iii) the cost of supplies that were consumed directly in the performance of the duties of the office or employment and that the officer or employee was required by the contract of employment to supply and pay for,
- (iv) annual dues to maintain membership in a trade union as defined
 - (A) by section 3 of the Canada Labour Code, or
 - (B) in any provincial statute providing for the investigation, conciliation or settlement of industrial disputes, or to maintain membership in an association of public servants the primary object of which is to promote the improvement of the members' conditions of employment or work,
- (v) annual dues that were, pursuant to the provisions of a collective agreement, retained by the taxpayer's employer from the taxpayer's remuneration and paid to a trade union or association designated in subparagraph 8(1)(i)(iv) of which the taxpayer was not a member,
- (vi) dues to a parity or advisory committee or similar body, the payment of which was required under the laws of a province in respect of the employment for the year, and
- (vii) dues to a professions board, the payment of which was required under the laws of a province, to the extent that the taxpayer has not been reimbursed, and is not entitled to be reimbursed in respect thereof

General limitations

Presumption (ITA 8(9))

Notwithstanding any other provision of this Act, the total of all amounts that would otherwise be deductible by a taxpayer pursuant to paragraph 8(1)(f), 8(1)(h) or 8(1)(j) for travelling in the course of the taxpayer's employment in an aircraft that is owned or rented by the taxpayer, may not exceed an amount that is reasonable in the circumstances having regard to the relative cost and availability of other modes of transportation.

Certificate of employer (ITA 8(10))

An amount otherwise deductible for a taxation year under paragraph (1)(c), (f), (h) or (h.1) or subparagraph (1)(i)(ii) or (iii) by a taxpayer shall not be deducted unless a prescribed form, signed by the taxpayer's employer certifying that the conditions set out in the applicable provision were met in the year in respect of the taxpayer, is filed with the taxpayer's return of income for the year.

Work space in home (ITA 8(13))

Notwithstanding paragraphs 8(1)(f) and 8(1)(i),

(a) no amount is deductible in computing an individual's income for a taxation year from an office or employment in respect of any part (in this subsection referred to as the "work space") of a self-contained domestic establishment in which the individual resides, except to the extent that the work space is either

- (i) the place where the individual principally performs the duties of the office or employment, or
- (ii) used exclusively during the period in respect of which the amount relates for the purpose of earning income from the office or employment and used on a regular and continuous basis for meeting customers or other persons in the ordinary course of performing the duties of the office or employment;

(b) where the conditions set out in subparagraph 8(13)(a)(i) or 8(13)(a)(ii) are met, the amount in respect of the work space that is deductible in computing the individual's income for the year from the office or employment shall not exceed the individual's income for the year from the office or employment, computed without reference to any deduction in respect of the work space; and

(c) any amount in respect of a work space that was, solely because of paragraph 8(13)(b), not deductible in computing the individual's income for the immediately preceding taxation year from the office or employment shall be deemed to be an amount in respect of a work space that is otherwise deductible in computing the individual's income for the year from that office or employment and that, subject to paragraph 8(13)(b), may be deducted in computing the individual's income for the year from the office or employment.



Statement of Employment Expenses for Working at Home Due to COVID-19

Complete this form if you have home office expenses related to working at home in 2020 due to COVID-19. See below for examples of eligible and non-eligible home office expenses or go to canada.ca/cra-home-workspace-expenses. If you have other types of employment expenses, do not use this form. Instead, use Form T777, Statement of Employment Expenses. For more information, see Guide T4044, Employment Expenses.

Include a copy of this form with your Income tax and benefit return.

The Canada Revenue Agency has introduced a temporary flat rate method to calculate your home office expenses for 2020 for employees who worked from home in 2020 due to COVID-19. If you use this method, your employer is not required to complete Form T2200S, Declaration of Conditions of Employment for Working at Home Due to COVID-19, and you are not required to keep documents to support your claim. See Option 1 below for more information. If you do not use this method, you must have your employer complete Form T2200S and you must keep your supporting documents. See Option 2 below for more information.

How much can you claim?

Choose option 1 or option 2.

Option 1 – Temporary flat rate method

You may use this method to calculate your home office expenses if you worked more than 50% of the time from home for a period of **at least a month** (four consecutive weeks) in 2020 due to COVID-19. If you meet this condition, you can claim \$2 for each day that you worked at home during that period, plus any other days you worked at home in 2020 due to COVID-19, up to a maximum of \$400.

Total number of days you worked from home in 2020 due to COVID-19 _____ x \$ 2 = **9939**

Enter the result (maximum of \$400) on line 22900 of your return.

Option 2 – Detailed method

You can also calculate your home office expenses using a detailed method. See conditions on the next page.

Eligible Expenses

The following list includes common home office expenses:
For **additional** home office expenses you may be able to claim, go to canada.ca/cra-home-workspace-expenses

- rent paid for a house or apartment where you live
- electricity, water, heat, or the utilities portion of your condominium fees
- maintenance (minor repairs, cleaning supplies, light bulbs, paint, etc.)
- home internet access fees
- office supplies (stationery 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

Employees who earn **commission** income can also claim the following:

- property taxes
- home insurance
- lease of a cell phone, computer, laptop, tablet, fax machine, etc. that reasonably relate to earning commission income

Non-eligible Expenses

You **cannot** claim any of the following:

- 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.)

Option 2 – Detailed method (continued)

You may use this method to calculate your home office expenses if you:

- Worked more than 50% of the time from home for a period of at least a month (four consecutive weeks) in 2020. The period can be longer than a month. For examples, go to canada.ca/cra-home-workspace-expenses
- Have a completed and signed Form T2200 Short, Declaration of Conditions of Employment for Working at Home Due to COVID-19, from your employer
- and**
- Kept all your supporting documents

Note: You **cannot** claim any expenses that were or will be reimbursed by your employer.

Calculation

Office supplies (postage, stationery, ink cartridge, etc.)	8810		1
Other expenses (employment use of a cell phone, long distance calls for employment purposes, etc.)			
Specify:	9270	+	2
Add lines 1 and 2.	Subtotal	=	3
Work-space-in-the-home expenses (complete lines 6 to 15)			
Enter whichever is less : amount from line 12 or line 15	9945	+	4
Add lines 3 and 4.			
Enter this amount on line 22900 of your return.	Total expenses	=	9368
			5

Calculation of work-space-in-the-home expenses

Only include the expenses you paid for the days you worked from home. For an online tool to help you calculate the amount you can claim, go to canada.ca/cra-home-workspace-expenses.

Electricity, heat, water, home internet access fees		6	
Maintenance (cleaning supplies, light bulbs, etc.)	+	7	
Home insurance (commission employees only)	+	8	
Property taxes (commission employees only)	+	9	
Other expenses (rent, etc.) Specify:	+	10	
Add lines 6 to 10.	=	11	
Enter your total employment-use amount (see example below)			12
Enter your employment income (box 14 of your T4).		13	
Enter the amount from line 3 and any amounts from lines 20700 and 21200 of your return relating to this income.	-	14	
Line 13 minus line 14 (if negative, enter "0")	=	▶ -	15
Line 12 minus line 15 (if negative, enter "0")		=	16
	Work-space-in-the-home expenses available to use in future years		

Example of how to calculate your employment-use amount (line 12)

Sam is a salaried employee who worked from home using her dining room table in April 2020 due to COVID-19. The dining room represents 12% of the total square footage of her house and is used for work for 40 hours out of a total 168 hours in the week.

Sam paid \$200 for electricity, heat, water and internet and \$1,000 for rent. She will enter \$200 on line 6 and \$1,000 on line 10.

To determine her employment-use amount, Sam must first determine her employment-use percentage. This is how she will calculate the percentage: $(40 \text{ hours} / 168 \text{ hours}) \times 12\% = 2.9\%$

Her employment-use amount is $(\$200 + \$1,000) \times 2.9\% = \$34.80$.

Sam will enter \$34.80 on line 12.



Declaration of Conditions of Employment for Working at Home Due to COVID-19

This form is only for employees who worked from their home in 2020 due to COVID-19. The **employer** must complete and sign this form if the employee chooses to use the detailed method to calculate their home office expenses (work-space-in-the-home and supplies). If the employee is required to pay for expenses other than home office expenses, do not use this form. Instead, complete Form T2200, Declaration of Conditions of Employment.

The **employee** does **not** need to attach this form to their return, but they must keep it in case the Canada Revenue Agency asks to see it later. However, employees must complete and attach Form T777S, Statement of Employment Expenses for Working at Home Due to COVID-19, to their tax return to deduct home office expenses for the year.

For more information about claiming employment expenses, see Guide T4044, Employment Expenses.

Part A – Employee information

Last name	First name	Tax year 2020
Employer address		

Part B – Conditions of employment

1. Did this employee work from home due to COVID-19? Yes No
2. Did you or will you reimburse this employee for any of their home office expenses? Yes No
3. Was the amount included on this employee's T4 slip? Yes No

Employer declaration

I certify that this employee worked from home in 2020 due to COVID-19, and was required to pay some or all their own home office expenses used directly in their work while carrying out their duties of employment during that period.

I certify that the information given on this form is, to the best of my knowledge, correct and complete.

Note: Clearly print the name and telephone number of the authorized person in case we need to call to verify information.

Name of employer	Name and title of authorized person
Date	Signature of employer or authorized person
ext. Telephone number	

This section is to be completed by the employee if this form is requested by the Canada Revenue Agency.

Name of employee	Social insurance number	Date
Home address		

See the privacy notice on your return.



Statement of Employment Expenses

For information on how to complete this form and the Capital cost allowance (depreciation) schedule for employees, see Guide T4044, Employment Expenses. Include a copy of this form with your return.

Expenses			
Accounting and legal fees	8862		1
Advertising and promotion	8520 +		2
Allowable motor vehicle expenses (from line 30 below)	9281 +		3
Food, beverages, and entertainment expenses	× 50% = 8523 +		4
Lodging	9200 +		5
Parking	8910 +		6
Office supplies (postage, stationery, ink cartridge, etc.)	8810 +		7
Other expenses (employment use of a cell phone, long distance calls for employment purposes, etc.) Specify:	9270 +		8
Tradesperson's tools expenses (maximum \$500)	1770 +		9
Apprentice mechanic tools expenses	9131 +		10
Musical instrument expenses	1776 +		11
Capital cost allowance (CCA) for musical instruments (see Part A of this form)	1777 +		12
Artists' employment expenses	9973 +		13
Add lines 1 to 13.	Subtotal =		14
Work-space-in-the-home expenses Enter whichever is less : the amount from line 39 or line 42.	9945 +		15
Line 14 plus line 15. Enter this amount on line 22900 of your return.	Total expenses 9368 =		16

Calculation of allowable motor vehicle expenses			
Enter the year, make and model of motor vehicle used to earn employment income. _____			
Enter the number of kilometres you drove in the tax year to earn employment income.			17
Enter the total number of kilometres you drove in the tax year.			18
Enter the motor vehicle expenses you paid for:			
Fuel (gasoline, propane, oil)			19
Maintenance and repairs	+		20
Insurance	+		21
Licence and registration	+		22
Capital cost allowance (see Parts A and B of this form)	+		23
Interest	+		24
Leasing	+		25
Other expenses. Specify:	+		26
Add lines 19 to 26.	Subtotal =		27
Employment-use portion			
($\frac{\text{amount from line 17}}{\text{amount from line 18}}$) × amount from line 27 =			28
Enter the total of all rebates, motor vehicle allowances, and reimbursements for motor vehicle expenses you received that are not included in income. Do not include any repayments you used to calculate your leasing costs on line 25.			
Line 28 minus line 29			29
Enter this amount on line 3 above.	Allowable motor vehicle expenses =		30

Calculation of work-space-in-the-home expenses

Electricity, heat, water, home Internet access fees				31
Maintenance (cleaning supplies, light bulbs, etc.)	+			32
Home insurance (commission employees only)	+			33
Property taxes (commission employees only)	+			34
Other expenses (rent, etc.) Specify:	+			35
Add lines 31 to 35.		Subtotal	=	36
Total employment-use amount (see note and example below)				37
Amount carried forward from previous year	+			38
Line 37 plus line 38		Subtotal	=	▶ 39
Enter your employment income.				40
Enter any amounts from line 14 of this form and lines 20700 and 21200 of your return that relate to this income.	-			41
Line 40 minus line 41 (if negative, enter "0")		Subtotal	=	▶ - 42
Line 39 minus line 42 (if negative, enter "0")				Work-space-in-the-home expenses available to use in future years
			=	43

Note

As of 2020, you must calculate your employment-use amount instead of your personal-use amount.

Example of how to calculate your employment-use amount (line 37)

Sam is a salaried employee who worked from home and used her dining room table. The dining room represents 12% of the total square footage of her house and is used for work for 40 hours out of a total 168 hours in the week.

Sam paid \$2,400 for electricity, heat, water and Internet and \$12,000 for rent. She will enter \$2,400 on line 31 and \$12,000 on line 35.

To determine her employment-use amount, Sam must first determine her employment-use percentage. This is how she will calculate the percentage: $(40 \text{ hours} / 168 \text{ hours}) \times 12\% = 2.9\%$.

Her employment-use amount is $(\$2,400 + \$12,000) \times 2.9\% = \$417.60$.

Sam will enter \$417.60 on line 37.

Continued on the next page.

Capital cost allowance (depreciation) schedule for employees

Part A – Classes 8, 10, 54 and 55

1 Class 1	2 Undepreciated capital cost (UCC) at the start of the year 2	3 Cost of additions in the year	4 Cost of additions from column 3 that are accelerated investment incentive property (AIIIP) or zero-emission vehicle (ZEV) 3 in service before 2024	5 Proceeds of dispositions in the year	6 UCC after additions and dispositions (column 2 plus column 3 minus column 5)	7 Proceeds of dispositions available to reduce additions of AIIIP and ZEV (column 5 minus column 3 plus column 4) (if negative, enter "0") 4	8 UCC adjustment for current-year additions of AIIIP and ZEV (column 4 minus column 7) multiplied by relevant factor (if negative, enter "0") 4	9 Adjustment for current-year additions subject to half-year rule (column 3 minus column 4 minus column 5) divided by 2 (if negative, enter "0")	10 Base amount for CCA (column 6 plus column 8 minus column 9)	11 CCA rate %	12 CCA for the year (column 10 multiplied by column 11 or lower amount)	13 UCC at the end of the year (column 6 minus column 12)
8										20%		
10										30%		
54										30%		
55										40%		

(1) Class 8 includes musical instruments. Class 10 includes all vehicles that meet the definition of a motor vehicle, except for a passenger vehicle included in Class 10.1 (see Part B). In this chart ZEV represents zero-emission vehicles, and zero-emission passenger vehicles. A ZEV is a motor vehicle included in Class 54 or 55 that you acquired after March 18, 2019 and became available for use before 2028. Under proposed legislation, a used ZEV acquired after March 1, 2020 that became available for use before 2028 is included in Class 54 or 55. An accelerated investment incentive property (AIIIP) is certain property (other than ZEV) that you acquired after November 20, 2018 and became available for use before 2028. See Regulation 1104(4) for the definition of accelerated investment incentive property that may apply to certain additions. For more information, see Guide T4044.

(2) This amount must be reduced by the portion of any goods and services tax/harmonized sales tax (GST/HST) rebate received in the year that relates to CCA on the vehicle or musical instrument.

(3) Columns 4, 7, and 8 apply only to AIIIPs and ZEVs that become available for use in 2020

(4) The relevant factor for properties available for use before 2024 are 2^{1/3} (class 54), 1^{1/2} (class 55), for ZEVs and 0.5 for the remaining AIIIPs.

Continued on the next page.

Capital cost allowance (depreciation) schedule for employees (continued)

For information on this schedule and details about Class 10.1 limits, see Guide T4044, Employment Expenses.

For information about accelerated investment incentive, go to canada.ca/taxes-accelerated-investment-income.

Part B – Class 10.1

List each passenger vehicle on a separate line.

Date acquired (yyyy-mm-dd)	Cost of vehicle	1 Class	2 Undepreciated capital cost (UCC) at start of the year 5	3 Cost of additions in the year	4 Proceeds of dispositions in the year	5 Base amount for CCA 6	6 CCA rate %	7 CCA for the year (column 5 multiplied by column 6 or lower amount)	8 UCC at the end of the year (column 2 minus column 7, or column 3 minus column 7) 7
		10.1					30%		
		10.1					30%		
		10.1					30%		
Total									

- (5) This amount must be reduced by the portion of any GST/HST rebate received in the year that relates to CCA on the vehicle.
- (6) a. Enter the amount from column 2 in column 5 if you owned the vehicle in the previous year and still owned it at the end of the current year.
 - b. Enter 1/2 of the amount from column 3 in column 5 if the vehicle is **not** an accelerated investment incentive property (AIIP) and you bought the vehicle in the current year and still owned it at the end of the current year.
 - Enter 3/2 the amount from column 3 in column 5 if the vehicle is an AIIP and you bought the vehicle in the current year and still owned it at the end of the current year.
 - c. Enter 1/2 of the amount from column 2 in column 5 if you sold the vehicle in the current year and you owned the vehicle at the end of the previous year.
 - d. If you bought and sold a Class 10.1 vehicle in the current year, enter "0" in column 5 for that vehicle.
- (7) Enter "0" in column 8 for the year you sold or traded a Class 10.1 vehicle since the recapture and terminal loss rules do not apply.

See the privacy notice on your return.



Declaration of Conditions of Employment

The **employer** must complete this form for the employee to deduct employment expenses from their income.

The **employee** does not have to file this form with their return, but must keep it in case we ask to see it. For details about claiming employment expenses, see Guide T4044, Employment Expenses, or the following archived interpretation bulletins: IT352R2 – Employee's Expenses, Including Work Space in Home Expenses, and IT522R – Vehicle, Travel and Sales Expenses of Employees.

Part A – Employee information (please print)

Last name	First name	Tax year
Employer address		
Job title and brief description of duties		

Part B – Conditions of employment

1. Did this employee's contract require them to pay their own expenses while carrying out the duties of employment? Yes No

Answer "**yes**" even if you provide an allowance or a reimbursement in respect of some or all such expenses.

If **no**, the employee is **not** entitled to claim employment expenses, and **you are not required to answer any of the other questions.**

2. Did you normally require this employee to travel to locations that were not your place of business or between different locations of your places of business, during the course of performing their employment duties? Yes No

If **yes**, what was the employee's area of travel (be specific)? _____

3. Did you require this employee to be away for at least 12 **consecutive** hours from the municipality and metropolitan area (if there is one) of your business where the employee normally reported for work? Yes No

If **yes**, how frequently? _____

4. Indicate the period(s) of employment during the year: From

Year	Month	Day
------	-------	-----

 to

Year	Month	Day
------	-------	-----

If there was a break in employment, specify dates: _____

5. Did this employee receive or were they entitled to receive a motor vehicle allowance? Yes No

If **yes**, indicate:

- the amount received as a fixed allowance, such as a flat monthly allowance \$ _____
- the per km rate used _____ (\$/km), and the amount received \$ _____
- the amount of the allowance that was included on the employee's T4 slip \$ _____

Did this employee have the use of a company vehicle? Yes No

Was the employee responsible for any of the expenses incurred for the company vehicle? Yes No

If **yes**, indicate the amount and type of expenses:

Amount	Type of expense
\$ _____	_____
\$ _____	_____
\$ _____	_____

6. Did you require this employee to pay for expenses for which they **did** or **will** receive a reimbursement? Yes No

If **yes**, indicate the amount and type of expenses that were:

	Amount	Type of expense	Included on T4 slip
• received upon proof of payment	\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
• charged to the employer, such as credit card charges	\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

7. Did you require this employee to pay other expenses for which they **did not** receive any allowance or reimbursement? Yes No

If **yes**, indicate the type(s) of expenses: _____

8. Did you pay this employee wholly or partly by commission according to the volume of sales made or contracts negotiated? Yes No

If **yes**, indicate the commissions paid \$ _____

and the type of goods sold or contracts negotiated _____

Is there a business development account or other similar commission income account available from which the employee's employment expenses are paid or reimbursed? Yes No

If **yes**, is the commission income from this account included in box 14 of the T4 slip? Yes No

9. Did this employee's contract of employment require them to:

- rent an office away from your place of business? Yes No
- employ a substitute or assistant? Yes No
- pay for supplies that the employee used directly in their work? Yes No
- pay for the use of a cell phone? Yes No

Did you or will you reimburse this employee for any of these expenses? Yes No

If **yes**, indicate the type of expense and amount you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

10. Did this employee's contract of employment require them to use a portion of their home for work? Yes No

Note : This does not have to be part of the employee's employment contract and may be a written or verbal agreement between you and your employee.

If **yes**, approximately what percentage of the employee's duties of employment were performed at their home office? _____ %

Did you or will you reimburse this employee for any of their work-space-in-the-home expenses? Yes No

If **yes**, indicate the type of expense and amount you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

11. Did this employee work for you as a tradesperson? Yes No

If **yes**, did you require this employee, as a condition of employment, to purchase and provide tools that were used directly in their work? Yes No

If **yes**, do all of the tools itemized on the list provided to you by the employee satisfy this condition? Yes No

Please sign and date the list.

12. Did this employee work for you as an apprentice mechanic? Yes No

If **yes**, was this employee registered in a program established under the laws of Canada or of a province or territory that leads to a designation under those laws as a mechanic licensed to repair self-propelled motorized vehicles? Yes No

Did you require this apprentice mechanic, as a condition of employment, to purchase and provide tools that were used directly in their work? Yes No

If **yes**, are all of the tools itemized on the list provided to you by the employee used in connection with the employee's work for you as an apprentice mechanic in the program described in this question? Yes No

Please sign and date the list.

13. Did this employee work for you in forestry operations? Yes No

Did this employee, as a condition of employment, have to provide a power saw (including a chain saw or tree trimmer)? Yes No

Employer declaration

I certify that the information given on this form is, to the best of my knowledge, correct and complete.

Note: Clearly print the name and telephone number of the authorized person in case we need to call to verify information.

Name of employer

Date

ext.
Telephone number

Name and title of authorized person

Signature of employer or authorized person

This section is to be completed by the employee if this form is requested by the Canada Revenue Agency.

Name of employee

Social insurance number

Date

Home address

See the privacy notice on your return.