

2020 TAX YEAR AND WORK FROM HOME EXPENSES

With the transition to working from home as a result of the COVID-19 pandemic, many questions have come up regarding eligibility for home office deductions that employees may be able to claim on their 2020 tax return and whether **Kings University College** will be issuing T2200/T2200S forms.

The Canada Revenue Agency (CRA) recently announced a temporary simplified method that will allow employees who worked at home due to COVID-19 more than 50 percent of the time for at least four consecutive weeks during the pandemic, to claim an amount of \$2 per working day (up to a maximum deduction of \$400). ***This simplified method does not require you to obtain a T2200/T2200S form or maintain documented receipts to validate your claim.***

- Working days include any day during which an employee performs work, at their home, for the employer. There are no minimum hours attached to this, both full-time and part-time employees may count any day on which they performed work for the employer.
- Non-working days such as weekends, statutory holidays, vacation or sick days are not counted.

For most employees, this simplified method will provide the maximum deduction allowed without the detailed record-keeping normally required for home office deduction claims.

Here is an illustration for a homeowner:

Sam is a homeowner who lives in a three bedroom townhome with other family members. He has worked from home continuously from March 15 to December 31, 2020.

The only space available to set up a work area was at the dining table and this space represents eight per cent of the total finished area of the home.

Sam works an average of 50 hours per week so the common space is further prorated by 29.76 per cent (50 hours divided by 168 hours per week) for a total claim amount of 2.38 per cent.

The eligible expenses Sam has for a detailed claim are the utilities and the internet access fee which total \$3,250, 2.38 percent of this is \$77.35.

Sam also has invoices for office supplies he paid for, totalling \$125 which he can claim 100%.

Using a T2200/T2200S, Sam would only be able to claim \$202.35.

If Sam worked from home for 190 days (weekends, statutory holidays and vacation have been excluded) a non-accountable deduction (using the simplified method described above) of \$380 would provide a greater deduction.

The next illustration provides an example for those who rent their home:

Alexandra and her spouse rent a two bedroom apartment for \$2,000 per month. They have both been working from home continuously from April 1 to December 31, 2020.

Alexandra has set up her workspace in the couple's bedroom while her spouse is working from the second bedroom that is usually used as the TV room.

Alexandra's space represents 11.25 per cent of the total finished area of the home and she normally works 40 hours per week, allowing her to claim 2.68 per cent of her share of the rent and home internet access.

Total rent and internet access fees are \$18,600. Using the T2200/T2200S method, each spouse may only allocate 50 per cent or \$9,300 to their claim and, at 2.68 per cent, this would limit each of their claims to \$249.24.

If Alexandra has worked from home for 180 days (weekends, statutory holidays and vacation have been excluded) a non-accountable deduction (using the simplified method described above) of \$360 would provide a greater deduction.

If Alexandra and her spouse are eligible for similar claims that would be a household claim of \$720 using the simplified claim as compared to a detailed claim of approximately \$500.

You will be able to claim this amount on line 22900, Other Employment Expenses, of your 2020 tax return. This deduction will reduce your taxable income for the year, and will generally result in an income tax refund. However, the amount of the refund may be different based on your unique tax situation.

It is also important to understand the difference between a common workspace and a designated workspace, which is an area in your home that is only used for work. An existing home office that contains your personal documents or a spare bedroom containing personal effects is not a designated workspace. Most people required to work from home as a result of COVID-19 will be considered to be using a common or shared area in their home for work purposes.

Expenses exceeding \$2 per working day

Depending on your circumstances, you may be eligible for deductions greater than what the simplified method offers. This will require you to:

- Measure and total the size of your workspace;
- Obtain the total size of all finished areas in your home (including your workspace);
- If using a common space in the home determine average weekly working hours; and
- Collect and maintain supporting documents for all of the expenses you can claim for the period(s) you worked from home
- Have expenses in excess of amounts reimbursed by King's through PDF and Covid funds.

To make a detailed claim, you will require a confirmation of employment form. Upon request, **Kings University College** may issue a T2200S form to validate your conditions of employment to allow you to make a detailed expense claim for your work at home space.

The incrementally greater amount that you may be able to claim using a T2200/T2200S, may not be equal to your investment of time and effort.

Walter rents a one bedroom with a small den that was used for his personal computer use and to store household items. From April 1 through December 31, 2020, he also used this space for work.

The den is considered a common space and, based on Walters working hours of 50 per week, he would be able to allocate 2 per cent of his rent and internet access fee as working from home expenses.

Walter's total expenses for a detailed claim requiring a T2200/T2200S are \$20,750. Being able to allocate 2 per cent of that total, Walter is able to claim \$415.00. If Walter worked from home for 185 days the simplified calculation would result in a \$370.00 claim.

Although the detailed claim provides an additional amount of \$45, the additional tax savings, based on Walter's net taxable income, is only \$18 greater than the simplified method which requires no measurements or documented evidence of expenses.

Please note this form only validates the condition of employment requiring you to work from home because of the COVID-19 pandemic. **It does not provide the value of your eligible deductions, as that is a personal tax matter.** In the event of a CRA audit, you must be prepared to present valid proof (e.g. receipts, floorplans, rental contracts, etc.) of any deductions you have claimed. The CRA also occasionally performs in-person inspections of home office claims looking at, among other details, proof that the space is being used solely or jointly for working purposes.

Before requesting a T2200S form we suggest you use the tools that the CRA has created to assist you in estimating a detailed work from home expense claim. As with the examples we have provided you may find the non-accountable method provides the greater deduction. The following tools are available from CRA:

- A comprehensive [list](#) of eligible expenses; and
- A [calculator](#) to assist you in determining the eligible claim amount

Important Reminder:

If you have claimed any at home expenses through your PDF (Professional Development Fund) or COVID funds through Kings University College, these expenses cannot be used in the calculation of your Work from Home Expenses.

For any questions about your PD/COVID fund expenses contact AP (kucap@kings.uwo.ca)
All other inquiries can be directed to Payroll (payroll@kings.uwo.ca)