

Employee Claims to Tax Relief in the Home

Working from home

You may be able to claim tax relief for additional household costs if you have to work at home. This includes if you have to work from home because of coronavirus (COVID-19).

You cannot claim tax relief if **you** choose to work from home, it must be a requirement of your employment.

Additional costs include things like heating, metered water bills, home contents insurance, business calls or a new broadband connection. They do not include costs that would stay the same whether you were working at home or in an office, such as mortgage interest, rent or council tax.

You may also be able to claim tax relief on equipment you've bought, such as a laptop, chair or mobile phone.

How much you can claim

You can either claim tax relief on:

- ❖ £6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) - you will not need to keep evidence of your extra costs
- ❖ the exact amount of extra costs you've incurred above the weekly amount - you'll need evidence such as receipts, bills or contracts

You'll get tax relief based on the rate at which you pay tax. For example, if you pay the 20% basic rate of tax and claim tax relief on £6 a week you would get £1.20 per week in tax relief (20% of £6). However, you will need to inform HMRC that you are no longer entitled to receive this relief when you are no longer working from home, to ensure that you do not underpay your taxes.

Uniforms, work clothing and tools

You may be able to claim tax relief on the cost of:

- ❖ repairing or replacing small tools you need to do your job (for example, scissors or an electric drill)
- ❖ cleaning, repairing or replacing specialist clothing (for example, a uniform or safety boots)

You cannot claim relief on the initial cost of buying small tools or clothing for work.

How much you can claim

You can either claim:

- ❖ the actual amount you've spent - you'll need to keep receipts
- ❖ an agreed fixed amount (a 'flat rate expense' or 'flat rate deduction') depending on your skill set (for example, whether you are required to engineer components) or whether you are required to wear and launder a particular uniform. Please do ask us if you are unsure.

Personal Protective Equipment (PPE)

You cannot claim tax relief for PPE. If your job requires you to use PPE your employer should either:

- ❖ give you PPE free of charge
- ❖ ask you to buy it and reimburse you the costs

Buying other equipment

In most cases you can claim tax relief on the full cost of substantial equipment, for example a computer, you have to buy to do your work. This is because it qualifies for a type of capital allowance called annual investment allowance.

You cannot claim capital allowances for cars, motorcycles or bicycles you use for work, but you may be able to claim for business mileage and fuel costs. You claim in a different way for small items that'll last less than 2 years, such as uniforms and tools. You can only claim tax relief for equipment expenses if:

- ❖ you need it to do your job
- ❖ you use the equipment for work and there's no significant private use - this includes using the equipment according to your organisation's policy

If your employer gives you money for the item

Reduce the amount you claim tax relief on by the amount of money your employer gives you

Can I claim if I am a director and an employee

If you claim use of home within your company accounts you should not claim use of home through this process as you will be duplicating your claim.

Other expenses outside the home

There are a few other types of Employee tax relief claims available, and the most typical ones for costs incurred outside the home are as follows

- ❖ Vehicles you use for work
- ❖ Professional fees and subscriptions
- ❖ Travel and overnight expenses

Please contact us to discuss these if they may be relevant to you, or review the free information supplied at <https://www.gov.uk/tax-relief-for-employees>

How to claim your tax relief

To process these claims, in October 2020, HMRC set up a new dedicated working-from-home service that will automatically apply the whole 2020/21 tax year's relief via your tax code – making a claim is very easy.

<https://www.tax.service.gov.uk/claim-tax-relief-expenses/who-claiming-for> You will need to have your Government Gateway ID to do it. If you don't have one, you can create one as part of the process known as a personal tax account.

The claim is done by altering your tax code, indicating to your employer how much tax to take off your pay. It should update within a few weeks. The result will be less tax taken off each month for the rest of the year which means you'll take home more. If you currently complete self-assessment Tax Returns, or if your claim is worth more than £2,500, then you will be required to make your claim via your Tax Return rather than a tax code adjustment.

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