

2024 Home Office Claims & Expenses



The ATO now requires taxpayers to keep a daily diary and log all hours worked from home;

ATO – Fixed Rate Method - 67c phr

This will be used to evaluate expenses in line with the 67 cent flat rate plus depreciation or the actual expense method. The hours worked from home must be;

- To fulfill your normal job duties and not just carrying out minimal tasks such as checking emails or taking calls;
- Incurring additional running expenses as a result of working from home

You don't have to have a separate area of your home set aside for work to use the ATO 67c method.

The flat rate method covers all deductible running expenses, including:

- Electricity for lighting, cooling or heating and running items used for work (e.g. your computer), and gas heating expenses
- Phone and internet costs
- Computer consumables, such as printer ink and paper
- Stationery

However, you can claim the cost of assets – depreciation, under the ATO 67c method. For example, if you purchased computers / printers / desk etc. If you use the ATO 67c method based on hours worked for the 2024 FY, you can't claim additional deductions for running expenses (only depreciation).

Other ways to claim a deduction

Depending on your circumstances, it may be more tax-effective to calculate and deduct your working from home expenses using one of the ATO's other accepted methods:

Occupancy Method

If you are a sole trader or business owner and NOT an employee, you can also calculate the work-related portion of occupancy expenses, such as rent, interest on mortgage, rates, water, insurance, electricity & gas. However, you will need to apportion the home office area as a % of claims. Please note this can also incur CGT Consequences if/when you sell your primary residence. If you are renting – this doesn't have any CGT consequences. (Limited Employees can claim this method – State Sales Rep – no office in Adelaide or similar)***

Actual Cost method

If you have a dedicated home office or work area at home, you can also choose to manually calculate the work-related portion of all your running expenses, including:

- Electricity for lighting, cooling or heating and running items used for work (e.g. your computer), and gas heating expenses
- Phone and internet costs
- Computer consumables, such as printer ink and paper
- Stationery
- The decline in value of a computer, laptop or similar device
- The decline in value of work-related items such as home office furniture and furnishings
- Cleaning expenses

Do you need to keep receipts?

If you use the flat rate method, you only need to keep a written record of the total hours you have logged for the year plus have at least one receipt showing you had to pay for something to work from home (electricity, stationery, mobile phone bill or similar). If you use the other methods mentioned above, you'll need to keep a record of the total hours you worked from home as well as receipts and records of your expenses.

How to get prepared now

Remember you'll need to have a written record of your hours worked if you plan to claim working from home expenses. We shall be asking for:-

- Total Hours Logged for the Year
- Total Electricity paid for the Year
- Total Gas paid for the Year

From these documents we can then ascertain your best claim. Don't forget you will need to have all other printing, stationery, computer expenses, subscriptions etc ready as well.

Self Assessment: *Please note that Australian Taxpayers are subject to a self-assessment regime. This basically means that **you** are responsible for declaring all of your assessable income, and only claiming deductions and/or rebates to which you are entitled. The ATO is able to review your claims and increase or decrease the amount of tax payable for up to 2-4 years, and longer where tax avoidance is involved, after you lodge your tax return.*

Disclaimer: *All the information provided here is of general nature and does not constitute tax, legal or financial advice. It does not take into account your personal circumstances and is not intended to replace consultation with a qualified professional.*