

CLAIMING HOME OFFICE DEDUCTIONS

Many of us now do some work from home, even if we have a full-time job elsewhere. The good news is tax deductions are available for this.

WHAT YOU CAN CLAIM

Whether you are self-employed or an employee, you may be able to claim work-related expenses as tax deductions where part of your home is used in connection with your business or income producing activities. What you can claim will depend on the extent you use your home for business, and whether you have a specific room set aside for this. For tax purposes, there are broadly three types of homebased work:

YOUR HOME IS YOUR PRINCIPAL PLACE OF BUSINESS

Part of your home must be regularly and exclusively used as the principal place where you trade or do business from. This generally means that you do most of your work at home or you meet and deal with your patients, clients or customers at home.

For example:

- a doctor or dentist who has a surgery, consulting or waiting rooms at home
- a tradesperson who has a workshop at home
- a self-employed scriptwriter who conducts her writing activities from a room in her flat
- a sales representative who is required by her employer to maintain an office in her own home to carry out work duties
- an employee architect who conducts a small private practice from home.

YOU HAVE A HOME OFFICE THAT YOU USE AS A HOMEWORK AREA

Your principal place of business is not at home but you have an area, such as a study or spare room, set aside primarily for business activities. For example, you may have an office elsewhere,



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but work at home after hours. What home office expenses can you claim? The expenses you can typically claim for each category are listed below

What home office expenses can you claim?

The expenses you can typically claim for each category are listed below.

Cost category	Type of costs	Your home is your principal place of business	You use your home office as a home work area	You work at home but do not have a specific home work area
Running cost	The cost of using a room's utilities, such as gas and electricity for heating, cooling and lighting	✓	✓	✓
Telephone cost	Business phone costs, internet access and stationery	✓	✓	✓
Depreciation cost	Decline in value of office furniture and equipment (eg desks, chairs, computers)	✓	✓	✓
	Decline in value of curtains, carpets and light fittings.	✓	✓	✗
Occupancy cost	Running costs such as cleaning, repair of furniture and furnishings	✓	✓	✗
	A portion of the cost of owning or renting the house such as rent, mortgage interest, insurance, rates.(However note CGT implications overleaf.)	✓	✗	✗

DISCLAIMER

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