



Working from Home expenses claim information for 21/22 tax return

For the 21/22 tax year, for employees and Directors, there are 3 options, the simplest being option 1 below:

1. **Claim £6 per week** – 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). HMRC recognise the ongoing lockdown restrictions that were in place during 21/22 and are accepting a full years claim for employees who are eligible. To be eligible for tax relief you must carry out work which forms all or part of the central duties of your employment and in doing so, you must have additional costs, such as heating, metered water bills or business calls, that are incurred as a direct result of working from home. They don't include costs that would stay the same whether you worked at home or in an office.

Please note that after 5/4/22, the relaxed rules will come to an end which means that homeworking arrangements need to be in place between the employer and the employee (usually via the employee's contract)

2. **Claim a % of actual expenses** – HMRC suggests the acceptable costs are:
 - a. Gas and electricity/heating
 - b. Metered water
 - c. Business phone calls
 - d. Other specific costs incurred such as business insurance, repairs of business equipment, cleaning materials to clean your work area (Covid being the reason)

Mortgage Interest, Rent, Rates are not allowable as HMRC say that costs must be 'wholly and exclusively for business' and HMRC are unconvinced that employees/directors meet this criteria

3. **Rent part of your home to your company** – To do this you need to create a licence agreement with your company in order to allow it to occupy part of your property. It then pays you rent and you then claim all your expenses under Self-Assessment. This means you will need to complete the property section of the Self-Assessment return as you are effectively becoming a commercial landlord but it means you can recover all relevant overheads and variable costs, mortgage interest (the relevant %) would only be eligible for Finance cost allowance and hence may be further restricted.

Whilst your home is usually exempt for Capital Gains Tax (PRR) your home office once rented out will not be.