



## Beginner's guide to *working from home* claims for Employees

### Overview

It looks like 'working from home' is here to stay, whether that is fully at home or combined with office-based working. In 2020 when working from home was no longer a choice but a necessity HMRC had a rethink on some of the rules to ensure that employees were not taxed on the support employers provided to allow their employees to work in a covid-secure way. Specialist Accounting Solutions has put together this information primer to help you understand how to claim costs for employees.

### Tax relief claims for employees

**Employees can either claim tax relief on:**

- £6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) – this is not pro-rated if the employee only works at home for part of their normal working hours  
or
- Alternatively, employers can reimburse actual costs, subject to the employee being able to provide evidence of the amounts incurred, such as phone calls.

Where employees are not reimbursed by the employers, it is not normally possible to claim any additional costs of working from home.

However, a relaxation was announced in March 2020 and this relaxation means employees who are not reimbursed by their employers can claim tax relief in their tax returns (self assessment or a postal form 87) or via the government gateway to claim tax relief in the year through their PAYE code.

### Look out!

Keep an eye on Government announcements as it is our understanding that once the pandemic is over, the rules will revert back to the previous position under which the allowance is tax-free only when paid by employers.

### Home office costs

The following employer-provided items are no longer taxable benefits if the employee is working from home because they need to self-isolate or because the workplace has closed:

1. Broadband internet connection – if it wasn't already available
2. Computer tablet, laptop and office supplies
3. Reimbursing the employee for costs of home office equipment.



For the above items to be tax-free there must be no significant private use by the employee or their family. HMRC recommends that employers should have a clear *private use policy*, which is acknowledged by the employees to prove the 'no significant use'.

## Travelling to work – important information

The cost of normal commuting is never tax deductible. This is still the case if an employee works between the home-office and city office.

If the employer re-imbuers the employee for the cost of travelling to or from the permanent workplace, that is taxable benefit.

## Reporting the benefits

Expenses and benefits incurred by the employee or former employees in the year to 5 April 2021 needed to be reported to HMRC by way of the P11D process by 6 July 2021.

Many employers now payroll regular benefits in kind. If this is the case, the employer must submit a P11d(b) to HMRC to report the class 1A NIC which is due for the year.

Where employers are providing taxable benefits, but they don't want the employee to bear the tax or NIC, the value of those benefits can be reported under a PAYE settlement agreement (PSA). Any tax and NIC due under the PSA must be paid by 22 Oct after the end of the tax year.

## How can Specialist Accounting Solutions assist with your tax claims?

A guide to working from home claims for directors is also available, email [marketing@teamsas.co.uk](mailto:marketing@teamsas.co.uk) for details.

**Please get in touch if you want an initial free no-obligation consultation to see how we can support your business.**

**Sean Hackemann (FCA)**

Email [sean@teamsas.co.uk](mailto:sean@teamsas.co.uk)

Call 0118 911 3777, direct mobile 0797 108 5773.

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