**Claiming tax relief on expenses of working from home**

This fact sheet covers the tax reliefs available for the expenses incurred when operating your property business from your home. HMRC look closely at such expense claims so it’s important to get them right. The rules differ depending on whether your business is incorporated or not.

If your business is incorporated

If you operate as a limited company, the rules for employees will apply to any tax relief you can claim. The overriding rule is that HMRC will only accept claims for homeworking expenses where there is **written evidence that the employee or director is contractually required** to work from home. If it is the employee’s choice to work from home, they cannot claim for this expense.

For evidence purposes, HMRC will accept an employment contract or another written document that explicitly states the employee must work from home.

**What can I claim as an employee/director?**

You can 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).

Alternatively, you may be able to claim for a proportion of the actual expenses you incurred.

In HMRC’s guidance they suggest that you may be able to claim tax relief for:

* Gas and electricity.
* Metered water.
* Itemised business phone calls.

Mortgage interest, rent and rates are not allowable, as HMRC do not consider these expenses to be incurred wholly and exclusively for the duties of the employment.

If claiming for a percentage of actual costs exceeds £6 per week, you should keep detailed records to show how your claim has been calculated.

If your business is unincorporated

When it comes to claiming tax relief for working from home, the self employed (including unincorporated landlords) are generally treated more favourably than employees.

There are two ways of calculating your claim.

If you work more than 25 hours per month from home, you can use HMRC’s ‘Simplified Expenses’ rates:

|  |  |
| --- | --- |
| Hours of business use per month | Flat rate per month |
| 25 to 50 | £10 |
| 51 to 100 | £18 |
| 101 or more | £26 |

Alternatively, you can claim a proportion of your costs for things like:

* Heating.
* Electricity.
* Council tax.
* Mortgage interest or rent.
* Internet and telephone use.

You’ll need to use a reasonable method of dividing your costs, for example by the number of rooms you use for business or the amount of time you spend working from home.

We can help you to claim tax relief on working from home expenses so please get in touch!

Further information

HMRC’s manual on household expenses for employees: <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32815>

HMRC’s policy on evidence required to claim employment expenses: <https://www.gov.uk/government/publications/hmrc-issue-briefing-evidence-required-to-claim-paye-p87-employment-expenses/evidence-required-to-claim-paye-p87-employment-expenses#evidence-requirements>

HMRC’s guide to expenses for the self employed: <https://www.gov.uk/expenses-if-youre-self-employed>