

Claiming Expenses When You Work from Home Guide



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How do I work out expenses for working from home?

If you use your home as an office or workshop, then you might be able to claim expenses for the costs you incur.

You won't receive an expenses payment from HMRC, but you can use the amount to claim tax relief on your tax bill.

There are two methods that you can use to work out how much tax relief you're entitled to.

- ✓ Simplified expenses are basically flat rates which are set by HMRC.
- ✓ Or you can claim for a proportion of your costs according to the floor area your home workspace takes up.



Using simplified expenses

Calculating your claim using simplified expenses means you will use a flat rate which is based on the hours you work from home each month.

Under this method you won't have to work out what proportion of your expenses are for personal use versus for business. For example, working out how much of your utility bills are for the business. This can be much simpler than tricky calculations to apportion your bills!

The flat rate doesn't include telephone or internet expenses, but you can still claim the business proportion of these bills separately by working out the actual costs.

Am I eligible to use simplified expenses?

Sole traders and partners in partnerships must work from home for 25 hours or more each month to qualify for simplified expenses.

There are different flat rates if you live at your business premises (for instance, if you run a bed and breakfast), work from home, and for working out vehicle costs.

[The rates are published on the Gov.uk website.](#)



Claiming a proportion of your costs

Rather than using the flat rate method, you can work out your tax relief claim by calculating a proportion of your costs based on the floor area of your workspace in relation to your home.

Your claim could include the costs of things like heating and electricity.

Claiming for your council tax, mortgage interest, or home insurance can have a negative effect on your ability to claim a type of tax relief called private residence relief.

It's worth chatting to your accountant about this in more detail.



How do I calculate expenses as a proportion of my costs?

The best way to work out your expenses claim using this method is to calculate your costs based on the number of rooms in your home.

For example, there are 5 rooms in your home, and you use one of them as an office. This means that one fifth of your home is used for business, so you can claim costs using the same proportion.

If your electricity bill for the month is £100, you could claim back a fifth, which is £20.

You can also split your expenses by the amount of time you spend working at home.

If you work in your home office 40 hours out of the 168 hours in a week, then you're using a little over 20% of your utilities for business purposes.





Looking for more help on claiming expenses?

If you have any further questions simply call us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

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