

Your Work From Home Tax Relief Guide

Since the outbreak of Covid-19, homeworking has become the norm for many millions of people. Here are details of the two options to reimburse employees (including Company Directors) for the extra costs they incur while they work at home

Option 1: Employer Reimburses Costs

Which employees are eligible?

HMRC will accept during the Covid-19 Pandemic:

1. Employees working from home because their employer's offices have been closed
2. Employees who are following advice to self-isolate

What costs can be reimbursed?

- A flat-rate of £6/week for weekly paid employees (£4/week prior to 6 April 2020); or £26/month for monthly paid employees (£18/month prior to 6 April 2020) – no evidence required, or
- A larger tax-free amount subject to submission of evidence of actual additional costs incurred, as follows

What costs are eligible for reimbursement?

- Additional heating and lighting costs
- Additional insurance
- Metered water
- Telephone or internet access charges
- Business rates (if applicable)
- Costs of a new broadband connection to enable working from home

What costs are not eligible?

Costs that remain the same whether or not employee works at home e.g.:

- Mortgage interest or rent
- Council tax
- Water rates
- Broadband costs where the employee has already been paying for a connection

Option 2: Employee Seeks Tax Relief

Which employees are eligible?

An employee must show that their home is a workplace. HMRC will accept this where:

- The employee performs tasks that employees must carry out which form all or part of the central duties of their employment, or
- The duties require the use of appropriate facilities and such facilities are not available to the employee on the employer's premises. (Or the employee lives so far away from the premises it is unreasonable to expect them to travel there on a daily basis)

What costs can be reimbursed?

- A flat-rate of £6/week for weekly paid employees (£4/week prior to 6 April 2020); or £26/month for monthly paid employees (£18/month prior to 6 April 2020) – no evidence required, or
- A larger tax-free amount subject to submission of evidence of actual additional costs incurred, as follows

What costs are eligible for reimbursement?

The same costs that can be reimbursed by the employer, with the exception of insurance

What costs are not eligible?

- Mortgage interest or rent
- Council tax
- Water rates
- Insurance

An employee can make a claim online, by phone, by post or, if they are registered for self-assessment, through their tax return.

[HMRC's online tool to guide employees to the most appropriate method for their circumstances](#)