

# 2022 TAX YEAR AND WORK FROM HOME EXPENSES



## CANADA REVENUE AGENCY REQUIREMENTS

For 2022 tax year, the Canada Revenue Agency (CRA) has extended the temporary simplified flat rate method for deducting home office expenses for employees who worked from home due to COVID-19 for more than 50 per cent of the time for at least four consecutive weeks in the year.

The simplified flat rate method means that employees will be able to claim an amount of \$2 for each day worked from home, up to a maximum deduction of \$500 (for 250 working days). This simplified flat rate method does not require employees to obtain completed and signed T2200/T2200S form(s) from their employer. No calculation of the size of the home workspace or supporting documents are needed to validate a simplified claim.

- Work days include any day during which an employee performed work, from their home, for the employer. There are no minimum hours attached to this and both full-time and part-time employees may count any day on which they performed work for the employer.
- Non-work days, which need to be excluded, are weekends, statutory holidays, vacation days, sick days and any other leaves of absence.

For most employees, this simplified flat rate method (\$2 for each day worked from home) will provide the maximum deduction allowed without the detailed record-keeping which is normally required for home office deduction claims.

### HERE IS AN ILLUSTRATION FOR A HOMEOWNER:

**Sam is a homeowner who lives in a three-bedroom townhome with other family members. Sam worked from home continuously from March 15 to December 31, 2022.**

**The only space available to set up a work area was at the dining table and this space represents eight per cent of the total finished area of the home.**

**Sam works an average of 50 hours per week so the common space is further prorated by 29.76 per cent (50 hours worked divided by 168 hours in the week) for a total claim amount of 2.38 per cent.**

**The eligible expenses Sam has for a detailed claim are the utilities and the internet access fee which total \$3,250. 2.38 percent of this is \$77.35.**

**Sam also has invoices for the purchase of office supplies, totaling \$125, which can be claimed at 100%.**

**Using a T2200/T2200S, Sam would only be able to claim \$202.35.**

**If Sam worked from home for 190 days (excluding weekends, statutory holidays and vacation days) a non-accountable deduction (using the simplified method described above) of \$380 would provide a greater deduction.**

## THE FOLLOWING ILLUSTRATION PROVIDES AN EXAMPLE FOR THOSE WHO RENT THEIR HOME:

Alexandra and spouse rent a two-bedroom apartment for \$2,000 per month. They have both been working from home continuously from April 1 to December 31, 2022.

Alexandra has set up a workspace in the couple's bedroom while the spouse is working from the second bedroom, which is usually used as the TV room.

Alexandra's workspace represents 11.25 per cent of the total finished area of the home. The normal work hours are 40 hours per week, allowing a claim of 2.68 per cent of Alexandra's share of the rent and home internet access.

The total rent and internet access fees are \$18,600. Using the T2200/T2200S method, each spouse may only allocate 50 per cent or \$9,300 to their claim and, at 2.68 per cent, this would limit each of their claims to \$249.24.

If Alexandra has worked from home for 180 days (excluding weekends, statutory holidays and vacation days) a non-accountable deduction (using the simplified method described above) of \$360 would provide a greater deduction.

If Alexandra and spouse are eligible for similar claims, using the simplified method, their household claim would equal \$720 using, compared to a detailed claim which would equal approximately \$500.

Individuals can claim the amount on line 22900, Other Employment Expenses, of their 2022 tax return. The deduction will reduce their taxable income for the year, and will generally result in an income tax refund. However, the amount of the refund may be different based on the unique tax situation of each tax filer.

It is also important to understand the difference between a common workspace and a designated workspace, which is an area in your home that is only used for work. An existing home office that contains your personal documents or a spare bedroom containing personal effects is not a designated workspace. Most people required to work from home as a result of COVID-19 will be considered to be using a common or shared area in their home for work purposes.

### EXPENSES EXCEEDING \$2 PER WORKING DAY

Depending on your circumstances, you may be eligible for deductions greater than what the simplified method offers. This will require you to:

- Measure and total the size of your workspace;
- Obtain the total size of all finished areas in your home (including your workspace);

- If using a common space in the home determine average weekly working hours; and
- Collect and maintain supporting documents for all of the expenses you can claim for the period(s) you worked from home

To make a claim using the detailed method, you will require a Form T2200S, Declaration of Conditions of Employment for Working at Home Due to COVID-19, or a Form T2200, Declaration of Conditions of Employment, completed and signed by your employer. Additionally, you will need to complete Form T777S, Statement of Employment Expenses for Working at Home Due to COVID-19, or form T777, Statement of Employment Expenses, depending on whether you are claiming only home office expenses or additional expenses.

Please consider which method of calculating the claim will be most feasible for you, as an incrementally greater amount that you may be able to claim using the detailed method, may not be equal to your investment of time and effort.

### HERE IS A SAMPLE COMPARISON OF THE TWO METHODS OF CLAIM:

**Walter rents a one-bedroom with a small den that was used for his personal computer use and to store household items. From April 1 through December 31, 2022, Walter also used this space for work.**

**The den is considered a common space and, based on Walter's working 50 hours per week, 2 per cent of the total rent and internet access fee can be allocated as working from home expenses.**

**Walter's total expenses for a detailed claim requiring a T2200/T2200S are \$20,750. An allocation of 2 per cent of that total will result in a claim amount of \$415.00. If Walter worked from home for 185 days, the simplified calculation would result in a claim amount of \$370.00.**

**Although the detailed claim provides an additional deduction amount of \$45, the additional tax savings, based on Walter's net taxable income, is only \$18 greater than the savings provided by the simplified flat rate method, which requires no measurements or documented evidence of expenses.**

Please note that a T2200S form only validates the condition of employment requiring you to work from home due to the COVID-19 pandemic. It does not provide the value of your eligible deductions, as that is a personal income tax matter. In the event of a CRA audit, you must be prepared to present valid proof (e.g. receipts, floorplans, rental contracts, etc.) of any deductions you have claimed. The CRA also occasionally performs in-person inspections of home office claims looking at, among other details, proof that the space is being used solely or jointly for working purposes.

Before requesting a T2200S form from the employer, we suggest you use the tools that the CRA has created to assist you in estimating a detailed work-from-home expense claim. As with the examples we have provided, you may find the non-accountable flat-rate method provides the greater deduction.

The following are available on the CRA website:

- A [list](#) of eligible expenses; and
- A [calculator](#) to assist you in determining the eligible claim amount.

## REVENU QUEBEC REQUIREMENTS

For 2022 tax year, Revenu Quebec (RQ) has also extended the temporary fixed-rate method for deducting home office expenses for employees who worked from home due to COVID-19 for more than 50 per cent of the time for at least four consecutive weeks in the year. Employees using this method of calculation of teleworking expenses must complete sections 1 and 2 of the TP-59.S, Expenses Related to Working Remotely Because of the COVID-19 Pandemic form and include it with their income tax return. They are not required to retain any supporting documents and can claim \$2 for each day they teleworked at home in 2022 due to COVID-19, up to a maximum of \$500.

Quebec employees who elect to use the detailed method to calculate teleworking expenses, must complete sections 1 and 3 of the TP-59.S, Expenses Related to Working Remotely Because of the COVID-19 Pandemic form and file it with their income tax return. In addition, they must obtain a completed TP-64.3, General Employment Conditions form from their employer and retain all supporting documents of their actual expenditures.

The following are available on the Revenue Quebec web site:

- A list of eligible expenses (part 3 of the [TP-59.S form](#))
- A [calculator](#) to assist you in determining the best method of calculation.

For all other types of employment expenses, form TP-59-V, Employment Expenses of Salaried Employees and Employees Who Earn Commissions must be used.