

# WORKING FROM HOME ALLOWANCE

## Offsetting additional costs

With hybrid and home working as 'the new normal', many people are now facing extra costs for electricity, heating and other bills. Employees are now able to claim tax relief – sometimes known as a 'working from home allowance' – to offset some of these costs.

## Am I eligible?

Only certain people who work from home are eligible for tax relief on work expenses. For example, you can claim if you are required to work from home, if you live far away from your office or your business does not have an office.

You may be ineligible to claim if you work from home voluntarily, or if your employer uses a hot-desk policy.

## How tax relief is calculated

Tax relief for home working (and other work-related costs) is calculated in one of two ways. You can claim on:

1. A flat rate of £6 per week – without needing to keep receipts or bills
2. The exact total of extra costs above the weekly amount – you'll need evidence of costs incurred

Your tax relief will be calculated on the rate of tax that you pay. For example:

If you pay the higher 40 per cent rate of tax, and you claim on £6 per week, you'll get £2.40 per week in tax relief (40 per cent of £6).

## What you can claim for

You can only claim for things associated with your work, for example:

- Gas and heating payments
- Electricity costs
- Business phone calls
- Items that you must buy with your own money for your job

You can claim for the current financial year, and the previous four full tax years.

## What you cannot claim for

There are some things that aren't covered by a home working allowance, including:

- Rent or mortgage payments
- Internet access
- Any costs for both personal and business use
- Items for which your employer reimburses you

If your employer already reimburses you for home working costs, or you are being paid the £6 per week that you would be able to claim against, you cannot claim tax relief.

## Claiming a home working allowance

Submitting a claim is very straightforward. There are three basic ways to claim tax relief on home working or other work-related expenses, depending on how much you wish to claim against.

- 1 HM Revenue & Customs (HMRC) online tool**  
Simply follow the instructions given by the tool and you can submit your claim.
- 2 Form P87**  
You'll be asked to provide basic information about yourself and your claim.
- 3 Self-Assessment**  
If you're claiming relief on over £2,500 per year, you'll need to do this through HMRC's Self Assessment tool.

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