

Can Employees claim expenses when working from home?



JT HR

CONSULTANCY



FREE GUIDE



With the Covid-19 pandemic continuing, lots of employers have needed to ask their employees to work at home on a regular basis for either part of all of a week.

Many employees have asked me whether they can claim certain additional household expenses back, like utilities and business calls?

In short, no.

Employers have no obligation to contribute towards these costs. Whilst the employee may now be incurring additional costs at home, for many people these are more than covered by the decrease in commuting costs.

The general approach appears to be that businesses will reimburse for normal business expenses (cost of calls made on personal mobile phones) but not contribute towards increased costs relating to heating, electricity, etc.

If you want to do more, however, then you have a couple of options:

- You can pay £6 a week to your employees (increased from £4 prior to 6 April 2020) to contribute towards the additional home working expenses; this will have no tax, NI or additional record keeping implications.
- You may also reimburse employees for additional costs they incur as a result of working from home, such as heating and lighting costs, additional insurance, metered water and telephone or internet access charges.



Any costs that you reimburse to the employee must relate to the work area of the employee's home. So, if an employee's workspace amounts to say 5% of the total property then you can reimburse 5% of the heating and lighting costs.

Regardless of whether the employee works from home or not mortgage interest and council tax, cannot be reimbursed without tax and NI implications.

You will need to keep records of how you are calculating what you are reimbursing. I believe many employers are not taking this approach because of the additional burden it puts on them.

If your business cannot afford to pay the £6 weekly or reimburse any additional costs an employee has incurred to be able to work from home, employees can claim tax relief for the £6 a week on costs incurred.

To be able to do this, the employee must demonstrate their home is a workplace and it is not optional that they work there. The rules on what a business can claim are similar to those listed above, and employees cannot claim for anything that is used for both private and business use; the expense must be solely for work purposes. Note: This does not cover the cost of business calls, for which an additional claim can be made based on actual costs.

Employees will get tax relief on the rate at which they pay tax. For example if they pay the 20% basic rate of tax and claim tax relief on £6 a week, they would get £1.20 per week in tax relief (20% of £6).

Employees can claim tax relief here <https://www.gov.uk/tax-relief-for-employees/>