

be resilient

A publication of the Employee Assistance Centre

How to make working from home work for you financially

Working from home has become part of the “new normal” for many. You may have spent or are considering spending money to reconfigure your home to be an effective home office. Understanding the costs you can expect and the cost-saving resources that may be available to you can help you to make informed decisions about how much and where to spend your money.

Costs to transform your home to a home office

Technology

Technology is the area most commonly requiring upgrades. This could include faster internet speed, an upgraded wireless router and other hardware. Some costs, like internet, would be ongoing, but upgrades to hardware are usually a one-time cost.

In situations where two or more people are working or learning from home, some wireless routers may simply be overwhelmed by the demand. A dedicated wired connection may be necessary to get the required connection quality. Wired connections have a higher capacity, and most home routers support them. Taking advantage of a wired connection is as simple as purchasing the necessary cord if it wasn't provided along with your router.

An upgrade to your home computer

may be appropriate if you're lacking in computing power. Depending on your needs, you might consider investing in a printer with a scanner capability. For quality sound in online meetings, you will need a headset with a microphone. Other small devices like a wireless mouse or wireless keyboard can also make working from home more comfortable. If there are multiple people working or learning from home, Bluetooth devices may be a better choice, as they are less susceptible to interference from other wireless devices.

Home improvements

Making your home office a more practical and workable space may require changes to its layout or its location within the home. Improvements to practicality and comfort may include one-time costs for additional shelving, a suitable office desk or a work chair. These relatively small investments can make a big difference for those with limited options for workspace within their home. For those with areas of the home that are unfinished or available to be converted, renovations may be completed to create the ideal workspace. These options will cost more but may improve the value of your home.

Office supplies

Smaller but ongoing costs for paper, pens, staplers, file folders, etc. should also be considered in your work-from-home budget.

Did you know?

Along with many other stresses, COVID-19 has left many of us feeling disconnected. That is why we launched Connect Now, our clinical, personal and immediate support line where members can call to connect instantly with a professional counsellor from our EAP.

To access immediate support from a mental health professional through Connect Now, call:

- Directly at 204.786.8880
- Toll Free 1.800.590.5553

Calls to Connect Now do not affect the number of remaining sessions included in your coverage.

New online intake/scheduling platform

*You can now use **Counsellor Connect**, which lets you complete your intake and schedule your first appointment online.*

Areas of cost saving

Transportation

It's not all bad news, as working from home can also result in potential cost saving. For many, the biggest cost saving is in transportation. When your commute is only a few steps down the hall, you'll reduce fuel costs, save parking fees, public transit expenses, and other costs such as vehicle repairs and maintenance.

Food

Making coffee at home in the morning, eating leftovers for lunch, and grabbing a granola bar from the pantry are all more economical options than the costly convenience of coffee shops, lunch spots and vending machines. The potential bonus of eating healthier not

only saves costs to your pocketbook, but to your health as well.

Clothing

Many businesses have adopted a more casual dress code for their work-from-home staff. A professional image remains important and work-appropriate attire is still necessary, but regular updates to your wardrobe aren't a must. "Top dressing" – the practice of wearing something business-appropriate on top with more casual attire below the waist – may also translate into a cost savings by avoiding the expense of new work pants and shoes.

Cost reimbursement

The most effective way of compensating for these increased costs is through employer reimbursement. Most employers will compensate for a portion of the additional expenses or for specific items. If you hope to be reimbursed, check with your company before you spend money to ensure that the expense will be eligible. It's also a good idea to review company policy to ensure that you are recovering all the reimbursements you're eligible for.

Other cost recovery

Employer reimbursement is not the only avenue available for cost recovery. Many of your home expenses qualify as home office expenses under the Income Tax Act. These expenses aren't tax credits but tax deductions, meaning they may be deductible from your income.

Special rules have been introduced by the Canada Revenue Agency (CRA) for home office expenses during the pandemic. There are two methods to claim expenses – the detailed method and the simplified method.

Detailed method

The detailed method requires your employer to sign either form T2200 or T2200S. If your employer signs the form, you can claim expenses if you worked from home due to COVID-19.

You can claim a portion of electricity, heat, water, utilities, internet access, home maintenance and minor repair costs and rent. Unless you are a commission employee, you cannot claim home insurance, property tax, the leased cost of your cell phone, computer, laptop, tablet, fax, etc. Other expenses not allowed include mortgage interest, internet setup fees, modem/router lease fees, furniture, wall decorations and any capital expenditures such as replacing windows, flooring, furnace, etc.

The amount you can claim is a percentage that's calculated from the square footage of your home office relative to the rest of your home. For example, if your home is 1000 square feet and your office is 100 square feet, you would be able to claim 10 per cent of the eligible home expenses. If the space isn't used exclusively for work or if it's shared with someone else, the claim would also have to be prorated for time and/or the number of people using it.

One additional limitation is that total expenses from employment cannot exceed income from employment. If the expenses exceed income, those expenses can be carried forward to the next year.

Simplified method

The simplified method does not require form T2200 or T2200S to be signed, nor do you need to record your expenses. The simplified method allows you to claim a flat rate of \$2 for each day you worked from home to a maximum of \$400.

Which method to use

The simplified method is much simpler and easier, but your claim could be higher under the detailed method. Which method to use comes down to cost versus benefit. Will the potentially higher benefit under the detailed method outweigh the additional time and reporting requirements? Have your expenses been high enough to result in a valuable tax reduction?

Where to get assistance

The CRA has an excellent web site with a calculator to help determine the amount of the claim and your eligibility. Search "home office expenses" on the site to find the calculator.

Home office expenses is a tax area that may be new to you. You may want to seek professional assistance in preparing your return this year to ensure compliance and to maximize your tax savings.

– **Mark Binder CA, CPA**

For more information call the Employee Assistance Centre at 204.786.8880, TTY 204.775.0586, toll-free 1.800.590.5553 or visit mb.bluecross.ca.

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Consult a professional (counsellor, physician, etc.) before taking action with respect to any topics discussed.

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