

There are two ways that you can claim for home office expenses, based on whether your home office is considered to be a place of business or a private study.

Place of business

As a general rule, expenses associated with your home are of a private or domestic nature and do not qualify as deductions for tax purposes. An exception to this general rule is where part of the home is used for income producing activities and has the character of a 'place of business'. In such cases some of the occupancy expenses incurred for the home - such as rent, mortgage interest, municipal and water rates, land taxes and house insurance - may be partially deductible. A good way to work out what percentage of occupancy expenses you can claim is work out the floor area of entire home and what percentage is taken up by your home office.

The following factors, none of which is necessarily conclusive on its own, may indicate whether or not an area set aside has the character of a 'place of business':

- the area is clearly identifiable as a place of business
- the area is not readily suitable or adaptable for use for private or domestic purposes in association with the home generally
- the area is used exclusively, or almost exclusively, for carrying on a business, or
- the area is used regularly for client or customer visits.

An example is a doctor who practices from home and sees patients in part of their house.

Important Note:

If your home is considered to be partly a place of business, please be aware that if you are able to claim occupancy home office expenses it will affect your ability to claim a "main residence exemption" for capital gains tax meaning you may have to pay capital gains tax when you sell your home on the part of the property used to produce income.

Private study

The circumstances where part of a home is considered to have the character of a place of business can be contrasted with the more common case where you maintain an office or study at home as a matter of convenience (for example, so that you can carry out work at home which would otherwise be done at your regular place of business or employment).

Examples of this include:

- a barrister who reads client briefs at home
- a teacher who prepares lessons or marks assignments at home

In this case, you can claim a tax deduction for \$0.52 per hour you work in your study, but this needs to be substantiated with a diary or similar evidence. This will not affect capital gains tax on your home.

For further information see [Taxation Ruling TR 93/30](#) – Deductions for home office expenses

Home Office expenses you can and can't claim:-

Expenses	Home is principal workplace with dedicated work area	Home not principal workplace but has dedicated work area	You work at home but no dedicated work area
Running Expenses	Yes	Yes	No (See note 1)
Work- related phone & Internet expenses	Yes	Yes	Yes
Decline in value of a computer (work related portion)	Yes	Yes	Yes
Decline in value of office equipment	Yes	Yes	Yes
Occupancy expenses	Yes	No	No

Note 1: Generally, an employee who works at home and who does not have a dedicated work area will not be entitled to claim running expenses or their claim for running expenses will be minimal. This is due to the fact that they can only claim the additional running expenses incurred as a result of working from home.

Employees working from home fact sheet:

[https://www.ato.gov.au/uploadedFiles/Content/IND/Downloads/Working-from-home\(1\).pdf](https://www.ato.gov.au/uploadedFiles/Content/IND/Downloads/Working-from-home(1).pdf)

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