

Home workers can claim £6 per week

HMRC has changed its practice to allow employees to claim a flat-rate deduction of £6 for each week they work at home to cover additional household costs such as heat and electricity.

Since April 2011 employers have been able to pay their employees a tax-free allowance to cover the additional costs incurred when the employee works at home on a regular basis under an agreed home working arrangement. The flat rate of this allowance was raised from £4 to £6 per week from 6 April 2020 (from £18 to £26 per month).

The employee does not have to keep any records of costs or provide any evidence to their employer of the extra expenses they incur by working at home. However, if more than the flat rate is paid by the employer, the employee will have to demonstrate how their additional costs exceed the flat rate.

Employee rights

If the employer doesn't pay the homeworking allowance to employees who are required to work at home, the employees can claim a deduction for the additional costs they incur under *ITEPA 2003, s336* directly from HMRC.

To qualify for a deduction under *ITEPA 2003 s 336* the additional costs must be incurred wholly exclusively and necessarily in the performance of the employee's duties, and the employee's home must qualify as their workplace, where they perform substantives duties, with other conditions met. The employee also has to calculate how much to claim and retain evidence of those costs. This would involve analysing utility bills to work out how much more energy and water has been used when working at home, plus the additional cost of business-related telephone calls. The conditions for a *s336* claim are so hard to meet that few employees attempt to make a claim.

New guidance

However, on 27 March 2020, it was confirmed that employees who work from home could claim a deduction of £6 per week from 6 April 2020, or £4 per week for periods before that.

On 15 May 2020 HMRC changed the guidance in its employment income manual ([EIM32815](#)) to say that from 6 April 2020 "for ease of administration" it will accept that employees who are required to work at home can claim a deduction of £6 per week (£26 per month), without having to justify that figure, under *ITEPA 2003 s 336*. For years before 2020/21 HMRC will accept claims for deductions amounting to £4 per week (£18 per month).

This means that employees can submit claims to HMRC for homeworking expenses, without having to calculate the additional costs from their household bills or keep evidence of those costs. However, the four conditions in [EIM32820](#) still have to be met. If the employee wants to claim more than the flat rate of £6 per week, evidence of the additional costs will be required.

How to claim

Employees who complete a self assessment tax return can make a claim for their home working costs under the section in that form titled "using your home as an office".

Most employees are not required to submit a tax return, so they can claim the tax deduction for homeworking expenses either online or by post [on form P87](#), or by phoning HMRC on 0300 200 3300.