Memorandum 20:77

Date: December 18, 2020

To: Presidents and Administrative Officers
   Local, Federated and Provincial Associations

From: David Robinson, Executive Director

Re: New CRA Rules for Claiming Home Office Expenses due to COVID-19 for 2020 Tax Year

On December 15, Canada Revenue Agency (CRA) announced details of the new simplified process for claiming expenses related to working from home due to the COVID-19 pandemic.

Associations should avoid providing specific tax advice to members. However, associations can ensure that members are made aware of any changes from the CRA that may benefit them.

A new flat rate deduction is being introduced for expenses up to $400, and a simplified detailed deduction for those wishing to claim more than $400. To assist in the assessment of which method is best, CRA has launched this calculator.

New Flat Rate Method
If an employee worked from home more than 50% of the time for at least four consecutive weeks in 2020 due to COVID-19, they will be eligible to claim home office deductions for expenses not covered by their employer using a new temporary flat rate method. Eligible employees can claim a deduction of $2 for each day they worked at home up to a maximum of $400.

The flat rate can be claimed under Option 1 of a new simplified Form -- T777S Statement of Employment Expenses for Working at Home Due to COVID-19. Unlike the previous T2200 form, employees will not have to calculate the size of their workspace, keep supporting documents, or have their employer to sign the form.

Simplified Detailed Method
If employees have larger claims for home office expenses, they can use the detailed method to calculate home office expenses under Option 2 of the T777S Form. Notably, the CRA has expanded the list of eligible expenses eligible to include internet costs.
If the simplified detailed method to calculate home office expenses is chosen, employees must keep supporting documents and the employer must complete and sign (electronic signatures accepted) a simplified T2200S Declaration of Conditions of Employment for Working at Home Due to COVID-19.

Further details
More than one person living at the same address can claim the deduction if each one qualifies. CRA has not decided whether this this new simplified process will be maintained beyond the 2020 tax year.

For more information, please visit: canada.ca/cra-home-workspace-expenses.