

Dear Valued Client ,

Re: Changes to the way working from home deductions are claimed for 2023

The ATO has made changes to the way that working from home deductions can be claimed by eligible taxpayers for the 2023 income year.

If you have genuinely worked from home at any time from 1 July 2022 to 30 June 2023, you may be eligible to use the ATO's revised fixed-rate (67 cents per hour) method to claim for:

- energy expenses (i.e., electricity and gas) for lighting, heating/cooling, and to run electronic items used for work or business;
- internet expenses;
- mobile and home telephone expenses; and
- stationery and computer consumables (e.g., printing paper and printer cartridges).

Under the revised fixed-rate method, a claim for the above running expenses is calculated at a fixed rate of 67 cents for each hour that you worked from home during the 2023 income year.

This is an alternative method to claiming for the above running expenses using the actual method, which would require a separate claim for the work/business portion of each expense.

Claims for deductible running expenses not covered by the revised fixed-rate method (e.g., depreciation of a computer used for work or business) can only be made using the actual method.

What records do you need to keep when using the ATO's revised fixed-rate method?

You will need to keep some receipts, bills or invoices of the running expenses you have incurred in order to verify your claim.

You will also need to keep a **record** (e.g., a timesheet, diary or similar record) of the **number of hours** you worked from home during the year, basically as follows:

- **From 1 July 2022 to 28 February 2023** – The ATO will generally accept a record of the number of hours worked from home over a representative period (e.g., a diary for a four-week period). This can then be used to estimate the total number of hours worked for this entire period.
- **From 1 March 2023** – You need to keep a record of the total number of actual hours worked from home. This effectively means that you will need to make a record (e.g., a diary entry) of the number of hours worked from home on each occasion that you worked from home.

We have also attached a sample working from home diary that could be used for this purpose.

If you have worked from home during the 2023 income year, please contact our office to discuss your situation further as you are likely to be affected by the above changes.

Yours sincerely

James W Mann & Associates