

MEMO

DATE: March 6, 2023

TO: Algonquin College Employees

FROM: Tara Vicckies, Manager, Operational Accounting

SUBJECT: 2022 Tax Year – Work from Home Expenses

Flat Rate Method

For the 2022 tax year, the Canada Revenue Agency (CRA) has extended its rules which allows employees who worked from home due to COVID-19 to use the [temporary flat rate method](#) to calculate home office expenses.

If you are eligible for the flat rate method, you can claim \$2 for each day that you worked at in 2022 due to COVID-19, up to a maximum of \$500. To be eligible, you must have worked at least four consecutive weeks in 2022. Enter the amount of your claim on line 9939 of Form T777S as well as line 22900 of your tax return.

This simplified, flat-rate method does not require you to obtain a T2200/T2200S form or maintain documented receipts to validate your claim.

T2200 Forms

A very limited number of College employees currently have written terms and conditions of employment which explicitly require the employee to work from home. In following CRA requirements, only these employees will be issued T2200 forms (Declaration of Conditions of Employment) for 2022. Those employees who qualify for the T2200 form have already been contacted by Payroll to confirm eligibility.

T2200S Forms (Declaration of Conditions of Employment for Working at Home Due to COVID-19)

Only if you wish to make a detailed claim will you require a T2200S Form. Upon request, as long as you meet the eligibility requirements (employee worked at least four consecutive weeks in 2022), Algonquin College will issue a T2200S - Declaration of Conditions of employment for Working at Home Due to COVID-19 - form to validate your conditions of employment to allow you to make a detailed expense claim for

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your work at home space. To minimize processing delays for those who require this form, **we encourage you to not request a T2200S form if you will be using the simplified \$2/day flat-rate method.**

The Payroll Department has been accepting requests to issue a T2200S form. To request a T2200S form, please send an email from your Algonquin College email account to payroll@algonquincollege.com. T2200S forms will be issued to your Algonquin College email address. Please allow up to 14 calendar days for your form to be issued.

Before requesting a T2200S, we encourage each employee to understand which method will be most beneficial for them in consultation with a tax professional and using the tools that the CRA has created to assist you in estimating a detailed work from home expense claim. Most employees will find the non-accountable, flat-rate (\$2 per day) method provides the greater deduction.

The following tools are available from [CRA](#):

- [Compare the claim methods](#) for home office expenses for employees
- A comprehensive [list](#) of eligible expenses; and
- A [calculator](#) to assist you in determining the eligible claim amount

APPENDIX A **Frequently Asked Questions**

1. What is considered a working day for the \$2 per day calculation?

A working day is any day the employee performed work for their employer from their home. There are no minimum hours assigned to this claim. Both full-time and part-time employees are eligible.

A working day does not include days the employee is not required to work such as weekends, statutory holidays, vacation, sick or personal days, even if some of those leaves are paid by the employer.

2. What is the impact of job-protected leaves on making a claim?

To be eligible for the simplified flat-rate method, the employee must have worked from home more than 50 percent of the time for at least four consecutive weeks in 2022.

Time off, whether paid or unpaid for a job-protected leave, is not considered work time for the purpose of determining eligibility for claiming home office deductions.

3. What if more than one family member in a household was working from home?

Each employee working from home who meets the eligibility criteria can use the simplified \$2 per day flat rate method to calculate their deduction for home office expenses.

4. What is the T2200S form used for?

Some employees may be in a position to make a claim greater than \$2 per day that they worked from home. To make a detailed claim, such employees will require a T2200S from their employer to confirm that they were required to work from home as a result of the COVID-19 pandemic.

COMMON EXPENSES AND ELIGIBILITY (for detailed claim only)

i. Designated workspace or common (shared) workspace

It is important to understand the distinction between designated and common workspaces. To make a detailed claim for a portion of utilities and home internet access a taxpayer must first determine the size of their workspace as a percentage of the total finished space in their home. When a workspace is also a common family space or a space that is used for other personal purposes, then the percentage is further adjusted based on the average working hours in a week.

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If the employee has a designated space that is used as an office, only to earn employment income, and the total square footage of the finished space in the home is 1,500 ft² and the office is 120 ft² then 8 per cent is the amount allocated to the workspace.

However, if that same employee was using a common space in the home, such as a dining table, as their work area a further proration would be done based on the number of working hours in the week. If the employee works 50 hours per week then the 8 per cent would be further prorated by 29.76 per cent (50 working hours out of 168 hours per week) allowing 2.38 per cent as the amount allocated to the workspace.

Most employees that transitioned to working at home will be considered to be using a common shared space. This can be any area in the home that has another purpose or is a shared space for the family. This includes a home office that was already set up for personal computer use or to store and file household expenses and personal paperwork.

A designated workspace is an area that is only used to earn employment income. It would not be used for personal reasons. In most cases, only employees that already had a contract of employment requiring them to maintain a home office would have established this type of space.

Reference: CRA [Calculating your work-space-in-the-home expenses](#)

ii. Utilities (heat, hydro, water)

A pro-rated portion of utility costs may be included as an eligible deduction. The amount of this is determined by calculating the percentage of the finished space in the home that the workspace represents.

See above for the definition of designated vs. common (shared) spaces to determine this percentage.

iii. Condominium residents

The monthly maintenance fee may include the costs of utilities. To claim a deduction for utilities the resident would need verification of the portion of the maintenance fee that directly relates to these expenses. A request to the condominium administrator may be required to obtain this information.

iv. Home internet access fee

The CRA has adjusted their position on home internet fees related to a work from home space. An employee may include a portion of the internet access fee in their claim.

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The amount that may be claimed as an eligible deduction will be pro-rated based on the percentage of total space the office/workspace represents. The same percentage used for utilities would apply to the internet access fee.

Any costs associated with connection fees or the purchase or lease of a modem are not eligible.

v. Use of a personal cell phone

An employee may be able to claim a deduction for the business use of a cellular phone but only under very specific circumstances.

Part of the actual airtime expenses for a cell phone that reasonably relates to earning employment income may be claimed.

An employee may also be able to deduct a portion of their basic cell phone service plan if all of the following conditions are met:

- The cost of the plan is reasonable;
- You are able to substantiate the cellular minutes or data consumed directly in the performance of your employment duties (as well as the cost of the minutes or data); and
- The cost of the plan has been apportioned between employment and personal use on a reasonable basis.

The challenge with many cellular plans is the inclusion of unlimited talk and data, which make it difficult to allocate a cost per minute to voice or data use.

vi. Office supplies

If an employee is required to purchase office supplies that will be used up while directly performing their work, they may claim any out of pocket costs.

This includes items such as paper, pens, toner cartridges, envelopes and folders.

vii. Purchase of a laptop, computer, tablet or monitor

The purchase of a computer, laptop, tablet, monitor or other electronic equipment such as a headset is not considered an eligible deduction.

viii. Purchase of a desk or office chair

The purchase of furniture, desks, chairs, lamps, filing cabinets etc., is not an eligible deduction.

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ix. Cleaning supplies

Costs for normal cleaning and upkeep can be claimed, this would include things such as cleaning products.

If purchased to be used exclusively in the home office, then 100 per cent of the cost may be claimed. If purchased for general use in the entire household then the eligible deduction would be prorated based on the percentage of total space allocated to the workspace.

x. Beverages or food

Neither the CRA nor Revenue Quebec allow for a deduction for food and beverage expenses for an employee's personal consumption in their residence.

Although an employee may have benefited from free or subsidized coffee, other beverages or food when working in the office, any expenses in their home are not eligible.