



IEC ADVISORY
INNOVATIVE | EXPERIENCED | COMMITTED

IEC Advisory Pty Ltd

ABN: 31 616 254 838

A: 2/211 Macquarie Street,

Dubbo NSW 2830

P: 02 6800 2740

www.iecadvisory.com.au

Changes to the way “Working from Home”

Deductions are Claimed for 2025

The ATO has made changes to the way that working from home deductions can be claimed by eligible taxpayers for the 2025 income year.

If you have **genuinely** worked from home at any time from 1 July 2024 to 30 June 2025, you may be eligible to use the ATO's revised fixed-rate (70 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
- 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 70 cents for each hour that you worked from home during the 2025 income year.

This is an alternative method to claiming for the above running expenses using the actual expenses 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 be claimed under the actual method.

Minimal tasks, such as occasionally checking emails or taking work telephone calls while at home, will not qualify as working from home for the purposes of being eligible to apply the revised fixed-rate method.

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

You will 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 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.

Records showing home running expenses incurred – The taxpayer must also keep a document, such as an invoice, bill or credit card statement, for each of the additional running expenses they have incurred during the income year, as follows:

- For energy, mobile and/or home telephone and internet expenses, a taxpayer must keep one monthly or quarterly bill. If the bill is not in the taxpayer's name, additional evidence must be kept to show that the taxpayer incurred the expense (e.g., a joint credit card statement showing payment or a lease agreement showing that the taxpayer shares the property, and therefore, the expenses, with others).
- For stationery and computer consumables, which are occasional expenses, a taxpayer must keep one receipt for an item purchased.



Please see below example for further information.

EXAMPLE – Claiming Home Office Running Expenses in 2025

John is an employee who worked from home two days per week throughout the 2025 income year.

To facilitate working from home, John purchased the following items on 1 July 2024:

- Laptop computer \$ 2,200
- Office chair \$ 260

John worked from home during the 2025 income year in a dedicated study in his home. He used the lights in the study, his **laptop** computer, his personal **internet** connection and his personal **mobile phone** (which is also used when working in the office and for private purposes). John also used a **gas heater** to warm up the study during the colder months, and an **air-conditioner** to cool down the study in the warmer months.

John kept the following **records** to evidence his working from home hours and expenses incurred:

- (a) **Working from home hours record** – John kept a diary, which showed that he worked a total of 860 hours at home during the year.
- (b) **Time usage records for laptop and chair** – John kept diary records over a representative four-week period, which showed that he used his laptop computer and office chair around 30% private use and an 70% work-related use.
- (c) **Receipts and invoices** – John kept one quarterly invoice for his electricity and gas expenses, one monthly internet bill and one monthly mobile phone bill during the 2025 income year. He also kept his invoices evidencing the purchase of his laptop computer and office chair.

Does John satisfy the conditions for using the revised fixed-rate (70 cents per hour) method?

Yes. John satisfies all the requirements for being able to use the revised fixed-rate method for the 2025 income year, because he:

- Is working from home to carry out employment duties;
- Has incurred additional running expenses as a result of working from home; and
- Has retained the relevant records.

Calculating John's home office running expense claim for the 2025 income year using the revised fixed-rate method and the actual expenses method

John's total claim for home office running expenses would be calculated as follows:

1. Revised fixed-rate (70 cents per hour) method

Total number of hours worked from home (860 hours) x 70 cents per hour = \$ 602

2. Actual expenses method

Depreciation of laptop computer (\$2,200 x 100% DV rate x 70%) + \$ 1,540 Depreciation (immediate write-off) of chair (\$260 x 70%) + \$ 182

Total home office running expense claim for 2025 \$2,298 *Diminishing Value ('DV') rate = 200% ÷ 2 years effective life*