
Check which expenses are taxable if your employee works from home due to coronavirus (COVID-19)

Who is affected:

You could be affected if any of your employees are working from home due to coronavirus (COVID-19), either because:

- your workplace has closed
- they are following advice to self-isolate

Who is not affected:

Furloughed workers who are eligible for the [Coronavirus Job Retention Scheme](#).

Type of equipment, service or supply:

Mobile phones and SIM cards (no restriction on private use)

If you provide a mobile phone and SIM card without a restriction on private use, limited to one per employee, this is non-taxable.

Broadband

If your employee already pays for broadband, then no additional expenses can be claimed. It can only be claimed if it is taken out specifically to allow them to work from home.

If a broadband internet connection is needed to work from home and one was not already available, then the broadband fee can be reimbursed by you and is non-taxable.

In this case, the broadband is provided for business and any private use must be limited.

Laptops, tablets, computers, and office supplies

If these are mainly used for business purposes and there is no [significant private use](#), these are non-taxable.

Reimbursing expenses for office equipment your employee has bought

If your employee needs to buy home office equipment to allow them to work from home, they will need to discuss this with you in advance.

If you reimburse your employee the actual costs of the purchase, then this is non-taxable provided there is no significant private use.

If you do not reimburse your employee, then they can claim tax relief for these purchases on their tax return or P87 as long as the amount claimed is incurred wholly, exclusively and necessarily in the performance of their duties of employment.

Your employees will need to keep records of their purchase and claim for the exact amount.

Additional expenses like electricity, heating or broadband

Payment or reimbursement to your employees of up to £4 a week (£6 a week from 6 April 2020) is non-taxable for the additional household expenses incurred when your employee is working from home.

If the claim is above this amount, then your employee will need to:

- check with you beforehand to see if you will make these payments
- keep receipts

Employer provided loans

A salary advance or loan to help your employee at a time of hardship counts as an employment-related loan.

Loans provided with a value less than £10,000 in a tax year are non-taxable.

Temporary accommodation

If your employee needs to self-isolate but cannot do so in their own home, you can reimburse hotel expenses and subsistence costs, these are taxable.

Employees using their own vehicle for business

You can pay approved mileage allowance payments of 45p per mile up to 10,000 miles (25p per mile thereafter) free of tax and National Insurance contributions.

If you do not pay mileage allowance, your employee can claim tax relief through their Personal Tax Account.

Significant private use:

For items which are taxable, exemptions for work related benefits must show that there is no significant private use.

HMRC accepts that where:

- *your policy about private use is clearly stated to your employee and sets out the circumstances in which private use may be made (this may include making the conditions clear in employment contracts or asking employees to sign a statement acknowledging company policy on what use is allowed and any disciplinary consequences if the policy is not followed)*
- *any decision of the employer not to recover the costs of private use is a commercial decision, rather than rewarding your employee*

Significant private use should not be based on the time spent on different uses. It should be based on your employee's duties and the need for them to have the equipment or services provided so they can do their job.

Record keeping

You do not have to keep detailed records of every instance of private use to prove a claim for exemption.

Taxable expenses or benefits

Any expenses or benefits which are related to coronavirus can be reported on your [PAYE Settlement Agreement](#).

This means you can settle tax and National Insurance contributions on any expenses or benefits, even though the responsibility would usually be on your employee, or on both you and your employee.

This applies to coronavirus related items only, for example, a new desk can go onto the PAYE Settlement Agreement, but a new sofa cannot.

If you are currently [payrolling benefits in kind](#), you may continue to report expenses and benefits through your payroll. You may also continue to report expenses and benefits through P11D returns.

Equipment provided by employer

You may have supplied employees with office equipment so they could work from home. There's no tax charge when they return the equipment to you, so long as there's no transfer of ownership.

If you do transfer ownership of the equipment to an employee, at any time, this will become an employee benefit. The charge will be on the market value of the equipment at the time of the transfer, minus any amount the employee may have paid towards the equipment.

Equipment reimbursed by employer

Your employee may have agreed to buy their own home office equipment for use whilst working at home and you have reimbursed the exact expense. Unless you have specified that they must transfer ownership to you, the equipment is owned by your employee.

There is no benefit charge on the reimbursement. There is also no benefit charge if you let your employee keep the equipment as it is something that they already own.

If you have any queries please do not hesitate to contact us or visit our website for further information.

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