

Quick Facts: Claiming Home Office Expenses

If you are an **employee** and are required by your employer to use part of your home as your principal place of business, you may be eligible to claim home office expenses.

- As long as you are using a separate room in your home that is only used for business, you may be entitled to claim a portion of your rent, utilities, home repairs and maintenance. Depending on the type of employment income, home insurance and property tax can sometimes be included. Mortgage interest cannot be claimed.
- You will have to provide Form T2200 signed by your employer annually to confirm your eligibility.

If you are **self-employed** and your home is your principal place of business, you may deduct a portion of your rent, mortgage interest, utilities, home repairs and maintenance, insurance and property taxes.

- In both cases, the square footage of the home and the square footage of the space used for business are needed to calculate the deduction.
- If the business is operating at a loss prior to deducting home office expenses, no amount is deductible. However, the deduction should still be calculated and included on your tax return as the amount can be deducted against future profits.

A note of caution! If you try to claim major renovations—especially if it is to accommodate the business—or if you claim depreciation it may negatively impact your tax situation. Once the changes are made or depreciation is claimed, the CRA considers you to have had a change in use of that property which may result in the loss of your principal residence exemption. The principal residence exemption currently allows you to sell your house at a profit and not pay any tax on that profit. This is a significant tax benefit that you don't want to lose.

Every situation is unique. Please make sure you consult your tax professional so that you get the advice that's right for you.