

Moving to the 'new normal'

# Working from home & downsizing

As we move out of lockdown, where we have perhaps embraced new ways of working and some wholesale remote working from home, employers may be thinking about adopting working from home (WFH) as a 'new normal'.

However, the costs and expenses relating to WFH can create issues and the devil is in the detail, with quite a 'high bar' to clear for HMRC to accept that home is a workplace and that travel to any of your premises is to a temporary workplace that is not taxable.

## Travel expenses

Travel expenses from home to a permanent workplace will only qualify for tax relief if the journey qualifies as travel in the performance of the duties of the employment.

Where an employee performs **substantive** duties of their employment at home as an **objective requirement of the job**, HMRC may accept their home as a workplace for the purposes of the 'travelling in the performance of the duties' rule and the employee will be entitled to tax relief for the expenses of travelling from home to other workplaces as their travel is in the performance of their duties.

## Appropriate facilities

HMRC will look for what facilities are required to perform those duties, and if those facilities are only available to the employee at their home. So if you provide appropriate facilities in another location that could be practically used by the employee, or the employee works from home as a matter of choice then home is not a workplace for HMRC reliefs. Even where the employee works at home as an objective requirement of the employment, tax relief for the cost of travel between their home and their permanent workplace will only be due for travel made on days where the employee's home is a workplace. Only on those days is the employee travelling between two workplaces. On other days the employee is travelling between their home and a permanent workplace, which is ordinary commuting, and taxable.

## Do's & Don'ts

### Do

- consult with employees
- agree clear revised T&Cs relating to activities and locations
- create a new working from home (WFH) policy and update as necessary any existing policies e.g. expenses
- provide facilities for full WFH e.g. mobile phones, lap tops, printers, perhaps separate additional corporate broadband
- provide remote facilities to ensure the employees working from home need to visit the office(s) to access physical resources as little as possible i.e. secure cloud filing
- make clear that substantive duties need to be carried out from home
- make clear that visits to the office will only be required on an ad hoc and irregular basis, dictated by the business/project need only
- monitor attendance at your office(s) for those not based at the office(s) to assess if patterns of attendance emerge over (say) a 3 month basis that impact the previous assessment.

### Don't

- if available, do not allocate desks at the office(s) to people who work from home
- engage employees who live close to any new office(s) on a WFH basis
- have any regular requirements to visit the office(s) i.e. weekly management meetings, monthly meetings etc.

## Further information

If you have any queries on any of the above or would like to discuss how we can assist further, please contact a member of the tax team at your local office.  
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