

# Business Use of Home Expenses: Everything You Need to Know

## The Tax Perks of Working From Home

In today's flexible work culture, using your home as a workspace is more than just convenient. It can actually help you save money. If you are running a business from home, you may be able to claim a portion of your household expenses as business-use-of-home deductions. This can lower your taxable income and possibly increase your refund.

## How Home Office Deductions Can Help

Your home office can play a bigger role in your finances than you might think. If it is your primary business location or a space where you regularly meet clients, it may meet the CRA's criteria for claiming home office expenses. Eligible costs include part of your rent, mortgage interest, home insurance, electricity, heating, cleaning, and property taxes. This setup not only gives you a space to work, but it also creates an opportunity to reduce your business income and make tax season more manageable.

## Who Can Make a Claim

You can claim home office expenses if you work from home full time or meet clients there regularly. Specifically, you qualify if your home is your primary business location or if a part of your home is used only for earning income and hosting business-related meetings. Employees with side businesses can also qualify, but their employer must provide Form T2200, confirming that remote work is part of the job conditions.

## Expenses You May Be Able to Deduct

To make a claim, you do not need to submit every small receipt. Just figure out the business share of your overall home expenses. These may include:

- Electricity and heating
- Insurance for your home
- Cleaning products and basic maintenance
- Rent or mortgage interest
- Property taxes
- Internet (for business use only)

Any expense that only affects your work area is fully deductible. For shared costs, calculate a fair percentage based on usage or space.

## Important Limits to Keep in Mind

You can only deduct home office expenses up to the amount of your business income before expenses. If your expenses are higher, the extra can be carried forward to another year, assuming you still qualify. But keep in mind that claiming capital cost allowance on the business portion of your home may have long-term consequences. If you eventually sell the property, you could be subject to capital gains tax or have to repay some of those deductions.

## Quick Tips

**Getting it right means being accurate and organized.**

- Keep all receipts and track your expense calculations
- Fill out part seven of Form T2125 when reporting your home office claim
- Be honest about the size of your workspace and how often you use it for business

Make sure your claim matches the CRA's rules for regular and exclusive use.

If you ever feel unsure about the process or requirements, consider reaching out to a qualified tax professional. They can offer tailored advice and ensure you meet all CRA guidelines. Getting expert support can help you avoid mistakes and give you peace of mind when filing your claim.