

ODAG report for tax relief for staff working from home

Background

On 17/03/2020 HC took the decision to instruct staff to work from home, and in accordance with Government guidance this situation remained the case until 30/06/20 when (after making the office Covid-19 secure) staff were given the option of returning to the office partially, while making it clear they can choose to stay working from home given that a large percentage of our team are either vulnerable themselves or care of someone who is vulnerable and / or shielding.

Current guidelines from the gov.uk website states:

You may be able to claim tax relief for some of the bills you have to pay because you have to work at home on a regular basis. You cannot claim tax relief if you choose to work from home.

You can only claim for things to do with your work, for example, business telephone calls or the extra cost of gas and electricity for your work area.

You cannot claim for things that you use for both private and business use, for example, rent or broadband access.

From 6 April 2020 your employer can pay you up to £6 a week (£26 a month) to cover your additional costs if you have to work from home. For previous tax years the rate is £4 a week (£18 a month).

You will not need to keep any records.

This arrangement is at the discretion of an employer who has the right not to take up this option. It is not money that can be claimed back from HMRC in this event, it is an additional cost to the employer.

Should the employer decide they are unable to absorb this extra cost, employees can claim direct from HMRC but this is at a lower rate as they are only entitled to a tax free element of the weekly £6 amount, equating to £1.20 per week for standard rate tax payers.

Costings

For the 3 months from the beginning of the tax year, the total cost to HC would be **£1,982** for the employees who have been working from home (excluding those on maternity leave). We have a saving on our current core contract wages budget of **£6,140** resulting from Jo Smith's resignation and a 4 month gap until Natalie Swann returns from maternity leave

Therefore this would be more than cost neutral for the three month period where employees were instructed to work from home.

Request for consideration by the Board

To agree the payment of the discretionary £6.00 tax free amount per week for each employee (excluding those on maternity leave for the period 01/04/20 to 30/06/20 and be paid in November payroll.

NB Advice from CRCC who administer our payroll is that it would be much easier to administer if it sits wholly in current tax year.

Additional comments

We would remind Trustees that there is a facility for employees to make a claim in their own right at the lower rate; and that the Board may be minded to review this tax concession at some point in the future. The Risk Register has been amended to include the risk of infection in the office building and current mitigation in place so this can be reviewed through the Risk Register if the Board wishes to do this later in the year.

NB HMRC has confirmed that as long as staff are required to work at home and have additional expenses due to it, even if staff need to work at home part-time due to restriction of numbers working in the office at any one time, the full £6 allowance can be claimed.

There is useful reading on Martin Lewis's blog

<https://blog.moneysavingexpert.com/2020/04/martin-lewis--working-from-home-due-to-coronavirus--claim-p6-wk-/>