



### **Homeworking - Tax Relief**

Homeworking occurs when a University staff member works from their own home-base for an agreed timescale. Whilst there is an expectation that staff will normally be working on the University premises, it is accepted that there will be occasional circumstances where a member of staff will request to work at home for a variety of reasons and degrees of frequency, for example, to assist with flexibility around reasonable caring and dependent responsibilities.

Working from home requires prior approval as it is not a contractual right. It is granted at the University's discretion and should not affect operational efficiency and effectiveness. The University expects those home-working to be working completely during their time at home, in the same way they would be working at the University.

Further information on the University's Flexible Working Policy, including Guidance on Working from Home is available via HR's A to Z guide <https://www.aber.ac.uk/en/hr/all/#f>

### **Types of Homeworking**

**Occasional homeworking** is an option to those staff members who wish to complete a specific piece of work with minimum distractions, or have ad-hoc dependent responsibilities, or must remain at home due to adverse weather conditions.

**Regular homeworking** occurs where a staff member requests to work from home for a percentage of the normal working week, on a regular basis, has received approval based on work/life balance reasons. The arrangement is subject to review if circumstances change.

**Permanent homeworking** is an agreement for a staff member to work their contracted hours from home on a long-term basis, their home then becomes their work base. This will only be appropriate for certain roles.

**Compulsory homeworking** occurs when staff are required to work from home when the University's campuses are closed.

### **Employment Taxes**

Changes in working practices could give rise to unexpected employment tax consequences (P11d), which may result in costs for both the University and the staff member, wherein the staff member is receiving benefits or reimbursed expenses in respect of their new homeworking arrangements. Such situations may require the payment of additional employment taxes.

Further information may be found via <https://www.gov.uk/expenses-and-benefits-homeworking/what-to-report-and-pay>

### **Direct Staff Expenses - Homeworking**

No contribution will be made by the University towards normal household expenses attached to homeworking, such as internet charges, heating, lighting, or council tax costs.

Travel expenses between home and the University Campus should not be claimed by members of staff who undertake occasional and regular homeworking, as their 'normal place of work' remains at the University. For permanent homeworkers, their 'normal place of work' is their home base, which means they will be eligible to apply for travel expenses when required to attend the University.

Employees has access to a softphone which when installed provides the facility to make and receive phone calls via the computer. No contribution will be made by the University for calls using employees' home or personal mobile phones.

### **Tax Deduction Claim for Additional Homeworking Costs – Permanent and Compulsory homeworkers**

Undertaking a permanent or compulsory homeworking arrangement does incur additional household costs. If you are required to work from home, you can claim tax relief, which can be completed either via your own self-assessment (SA) tax return filed with HMRC by 31st January of each year. If you are not required by HMRC to file an annual SA tax return; you may complete a P87 form.

#### **Claiming Income Tax relief for your Employment Expenses (P87 form)**

HMRC have set out 'Income tax / NIC free' payment limits that are intended to meet or reimburse reasonable additional household expenses that an employee incurs when working at home. Typically, this will include the additional costs of heating, lighting, and any increase in water use, along with increased charges for Internet access, home contents insurance or business telephone calls.

The tax relief is intended to cover the reasonable additional household expenses incurred by working from home. The claim must be submitted by the employee; the University cannot make this claim on an employee's behalf.

To make a claim via **post**, you will require the following:

- Employer's Name: Prifysgol Aberystwyth University
- Employer's PAYE Ref: 615 / U1245
- Employee No: please refer to your payslip, or contact Human Resources
- Job Title: please refer to your payslip, or contact Human Resources

To make a claim via **government gateway (online)**, you will require the following:

- Create a Government Gateway ID & password
- National Insurance number
- Recent payslip or P60 or valid UK passport

The section on the HMRC website is entitled 'Using your home as an office'.

If you make a P87 claim, it is recommended that you submit a single claim when you know how long you have been working from home. If agreed by HMRC, the likely outcome is that your tax code will be adjusted for the upcoming tax year; it is unlikely that HMRC will pay the tax refund to you directly.

<https://www.gov.uk/tax-relief-for-employees/working-at-home>

<https://www.gov.uk/guidance/claim-income-tax-relief-for-your-employment-expenses-p87>

NB: Tax relief can only be claimed when you have been required by your employer to work from home, for example, the current situation wherein the University is closed due to the COVID-19 pandemic. You cannot claim tax relief if you are working from home voluntarily or by choice, for example where occasional or regular homeworking arrangements have been agreed.

### **COVID-19**

In October 2020, HMRC has changed its system and set up a new dedicated working from home microservice that will automatically apply the whole 20/21 tax year's relief to anyone making a working from home relief claim. This new microservice is only available for the tax year 2020-2021. This has been specifically set up for claims relating to working from home due to the COVID-19 pandemic. In 21/22 tax year, the process will revert to the previous (as above).

To claim the whole year relief, the claim must be done via the Government Gateway (information required to register above). HMRC has stated that the relief is available to anyone who has been made to work from home regardless of the length of time. Please note that unlike other tax years, where a single claim is made at the end of the tax year, claims can be made **immediately** due to COVID pandemic this tax year. The relief will be applied to your tax code. If you would still prefer to make a single claim at the end of the year, the same relief will apply.

<https://www.gov.uk/tax-relief-for-employees/working-at-home>

### **Enquiries**

Please email the Tax & Compliance Team, Finance Department [taxstaff@aber.ac.uk](mailto:taxstaff@aber.ac.uk)