

CANADA REVENUE AGENCY (CRA)

**Follow-up to the Standing Committee on
Government Operations and Estimates (OGGO)**

May 31, 2023

Subject Matter of Main Estimates 2023-24 /
Supplementary Estimates (A), 2023-24

What follows is the Canada Revenue Agency's (CRA) follow up response to a question posed to the President of the Treasury Board by a member of the Standing Committee on Government Operations and Estimates (OGGO) during the May 31, 2023 meeting on '*Subject Matter of Main Estimates 2023-24 / Supplementary Estimates (A), 2023-24.*'

For ease of reference, the relevant excerpts of the *Evidence* have been included to provide additional context.

Question 1

During the meeting, the President of the Treasury Board was asked what the cost was related to federal public servants working from home in terms of their eligibility to claim federal tax deductions for home office expenses for employees. Treasury Board Secretariat (TBS) has asked the CRA to respond.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):

Minister, many public servants now working remotely, as we were discussing earlier, and they will be eligible for home office deductions on their income tax. Can you tell us what the cost ramifications are to the treasury from all the public servants working from home who are now eligible to claim home office deductions on their income tax?

Hon. Mona Fortier (President of the Treasury Board):

I want to start by saying how important it is to look at how hybrid can complement and really help in delivering the best services to Canadians. Therefore, that's what we've been concentrating on—making sure that we focus delivering the best services to Canadians. We will continue to transform the hybrid format. As for your question, it's a CRA question. Therefore, I would maybe offer the possibility to go to the CRA to make sure that I give you the right answer on the question you just asked me.

Mrs. Kelly Block: *Thank you. Are you offering to provide that back to us at a later date?*

Hon. Mona Fortier: *I will send you the answer to your question through CRA.*

Mrs. Kelly Block: *Thank you.*

CRA response

The home office expense is a deduction that forms part of the total employment expenses that an employee working from home can claim on their T1 Income Tax and Benefit Return. Before the COVID-19 pandemic, salaried employees that were required to work from home and met the [eligibility criteria](#) were calculating the actual amount of home-office expenses paid that were attributable to their employment and for which they were not reimbursed using the detailed method. For employees to be able to claim the deduction, the employer was required to complete and sign [Form T2200, Declaration of Conditions of Employment](#). The individual would complete [Form T777, Statement of Employment Expenses](#).

Temporary Flat Rate Method

In response to the COVID-19 pandemic, the Government introduced the temporary flat rate method to simplify the calculation of home office expenses when claiming the employment expenses deduction at line 22900 of the T1 Individual Income Tax and Benefit Return.

The temporary flat rate method allowed eligible employees to claim a deduction of \$2 per day worked at home due to the COVID-19 pandemic in 2020, to a maximum of \$400 per individual. Under this method, eligible employees were not required to calculate the size of their workspace, keep supporting documents or have Form T2200 completed and signed by their employer. The temporary flat rate method was extended for the 2021 and 2022 tax years with an increase to

the maximum allowable claim to \$500 (from \$400). Employees can claim \$2 for each day worked from home due to COVID-19 up to a maximum of \$500 on their personal income tax return for the 2021 and 2022 tax years.

Temporary Flat Rate and Detailed Methods

The [eligibility criteria](#) for the temporary flat rate and detailed methods remained the same for the 2021 and 2022 tax years. The above-noted methods of claiming home office expenses apply to any employee who meets the eligibility criteria, with no distinctions for federal public servants.

When the temporary flat rate method is used, the employer is not required to complete [Form T2200S, Declaration of Conditions of Employment for Working at Home Due to COVID-19](#) or [Form T2200, Declaration of Conditions of Employment](#), and the employee is not required to keep documents to support their claim.

When the detailed method is used, the employer is still required to complete [Form T2200S](#) or [Form T2200](#) and the employee must keep their supporting documents. Employees should enter the amount of their claim on line 9939 of [Form T777S](#) as well as line 22900 of their tax return. For additional home office expenses, employees may be able to deduct, refer to [Home office expenses for employees](#).

Public Servants and Home Office Expenses

With respect to questions regarding public servants and home office expenses, the CRA's main data source (namely the [Statement of Employment Expenses for Working at Home Due to COVID-19](#)) does not capture whether or not a claimant is public servant. Specifically, the CRA does not collect information regarding an individual's place of work on the T1 Income Tax and Benefit Return, as this is not required under the Income Tax Act to be reported to the CRA. If an individual chooses to calculate their home office expenses deduction using the detailed method, their employer would have to complete and sign Form T2200, Declaration of Conditions of Employment. Form T2200 includes information on the individual's employer – name of employer, name and title of authorizing person, etc. – but the information contained on Form T2200 is not captured/stored in the CRA's systems.

While the CRA could cross reference claims made on the T777S with Government of Canada issued T4 slips, to determine amounts claimed for the 2022 tax year, amounts claimed are not a precise indicator of costs to the Crown, since they are not refundable, but rather reduce taxes owing. Additionally, public servants who have multiple jobs could claim home office expenses that do not correspond to their government job (the form does not specify for which employer the claim is attributed).

For these reasons, the CRA is unable to offer a response, as the data is not captured in the manner requested.