

WORKING FROM HOME & TAX

What business owners and employees need to know



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Recent changes mean that tax relief for non-reimbursed homeworking expenses will be abolished starting 6 April 2026.

Here's what you need to know:

The Key Rule

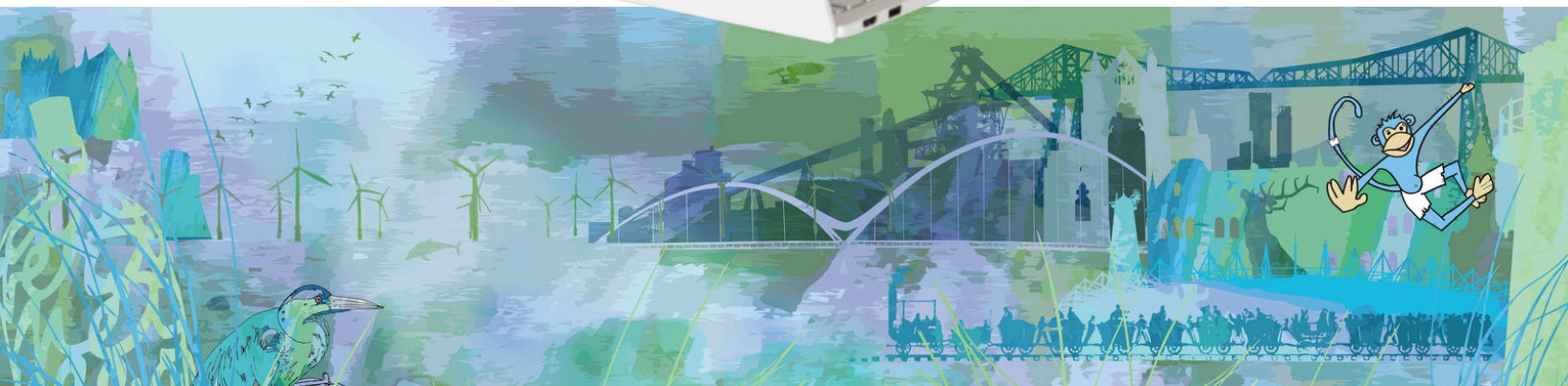
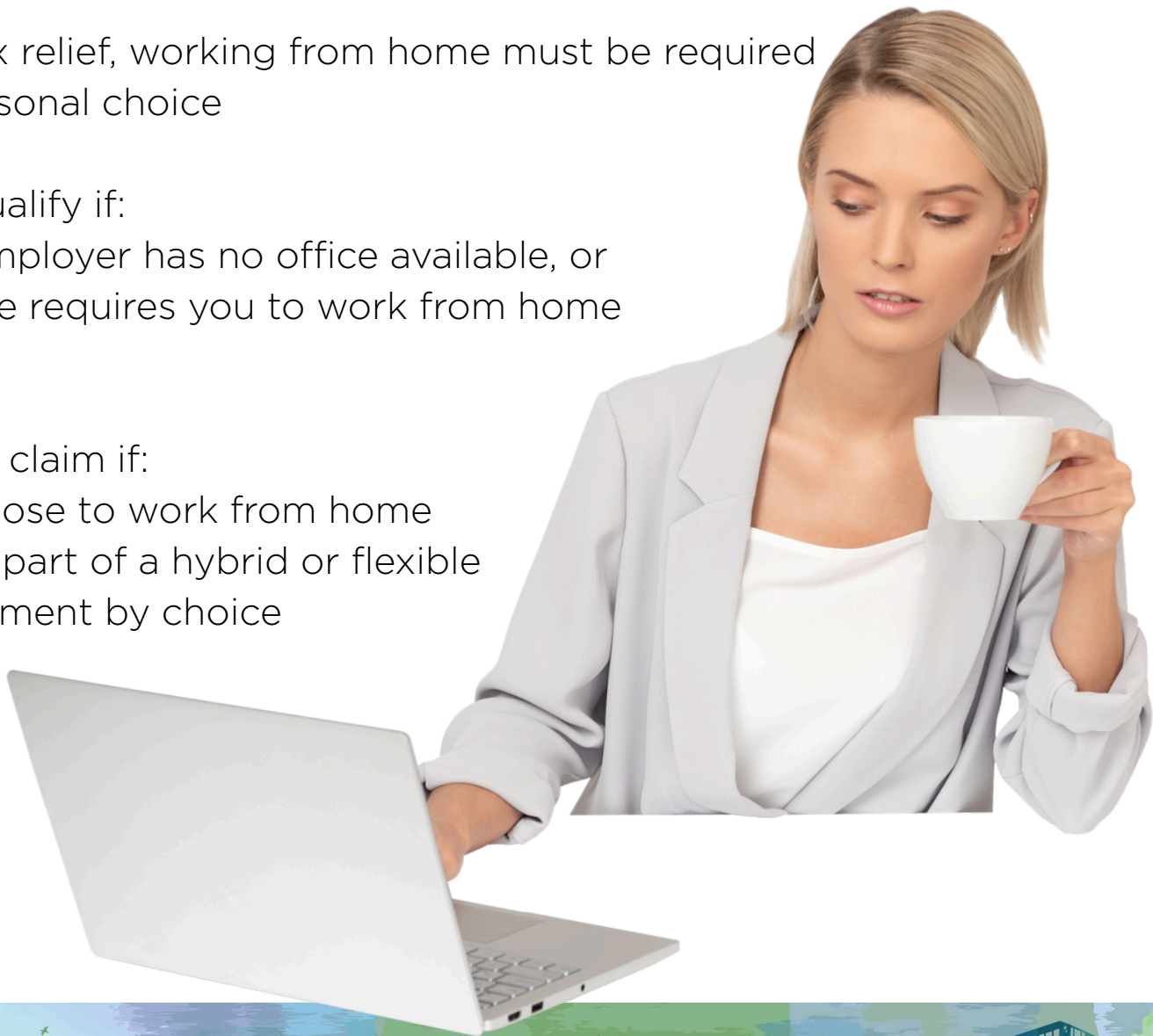
To claim tax relief, working from home must be required - not a personal choice

You may qualify if:

- Your employer has no office available, or
- Your role requires you to work from home

You cannot claim if:

- You choose to work from home
- You are part of a hybrid or flexible arrangement by choice



WHAT EXPENSES COUNT?

You can only claim additional costs directly related to working

- Heating, electricity and lighting
- Business phonecalls



You cannot claim

- Rent or mortgage costs
- Broadband or general household bills (unless strictly work-related portion)

In practice, allowable claims are limited and tightly defined

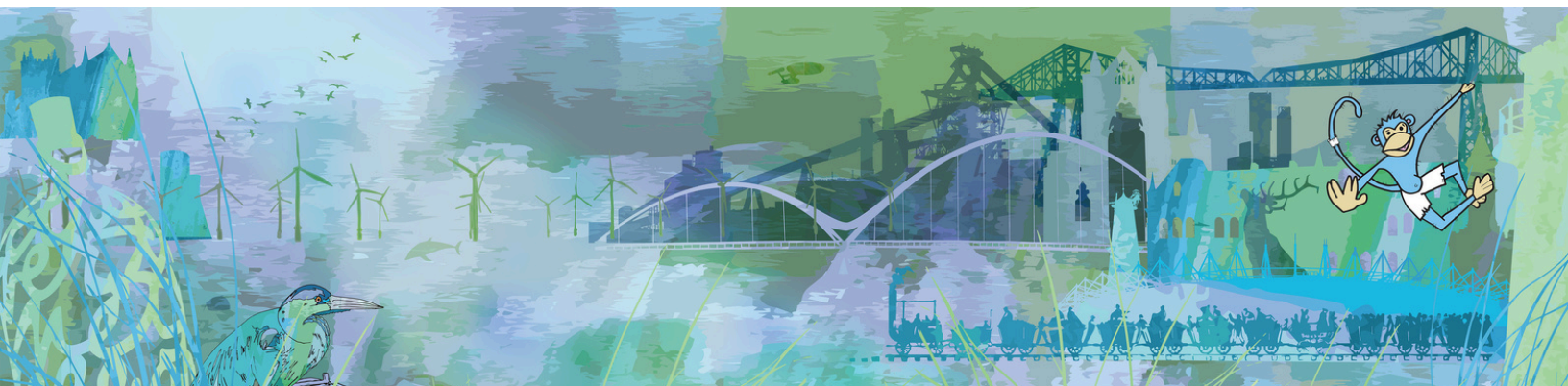
Historically, employees could claim:

- £6 per week (£312 per year) without receipts
- Or claim actual costs with supporting evidence

Typical tax saving:

- Around £62 per year (basic rate)
- Around £125 per year (higher rate)

Relief has always been modest in value



IMPORTANT CHANGES

Employees can no longer claim working from home tax relief directly from HMRC. This applies even if:

- Homeworking is required by your role
- You incur additional household costs

The previous £6/week claim route has been abolished

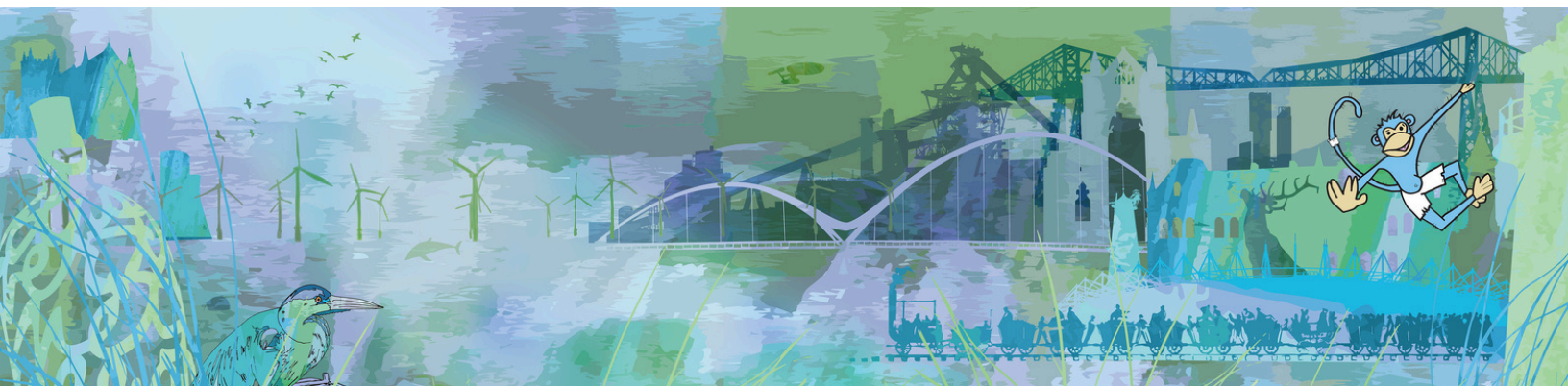
What replaces it?

Relief is now employer-led. Employers can still pay:

- £6 per week (flat rate), or
- Actual additional costs

These payments can be tax-free if structured correctly. Although not a specific requirement, it would be sensible to have any relief outlined in writing.

The focus has shifted from employee claims to employer reimbursement



IMPORTANT CHANGES

Self-employed and business owners

If you're self employed there's no change you can still claim:

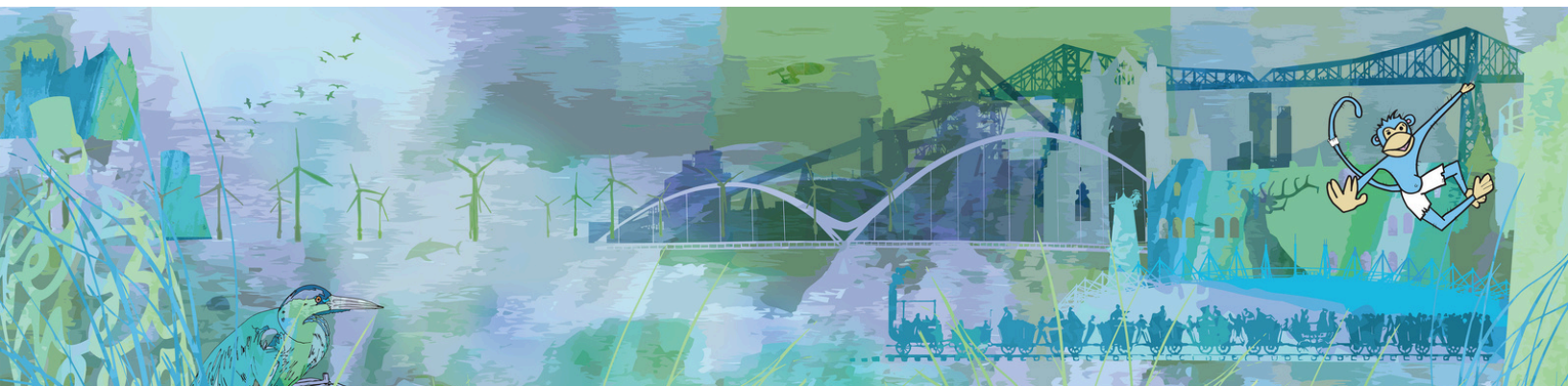
- Flat rate (simplified expenses), or
- A portion of actual household costs

The restriction mainly affects employees

Common risks and pitfalls

- Claiming when homeworking is optional
- Lack of evidence (contracts or formal requirement)
- Over-claiming household costs

HMRC has highlighted high levels of incorrect claims in recent years



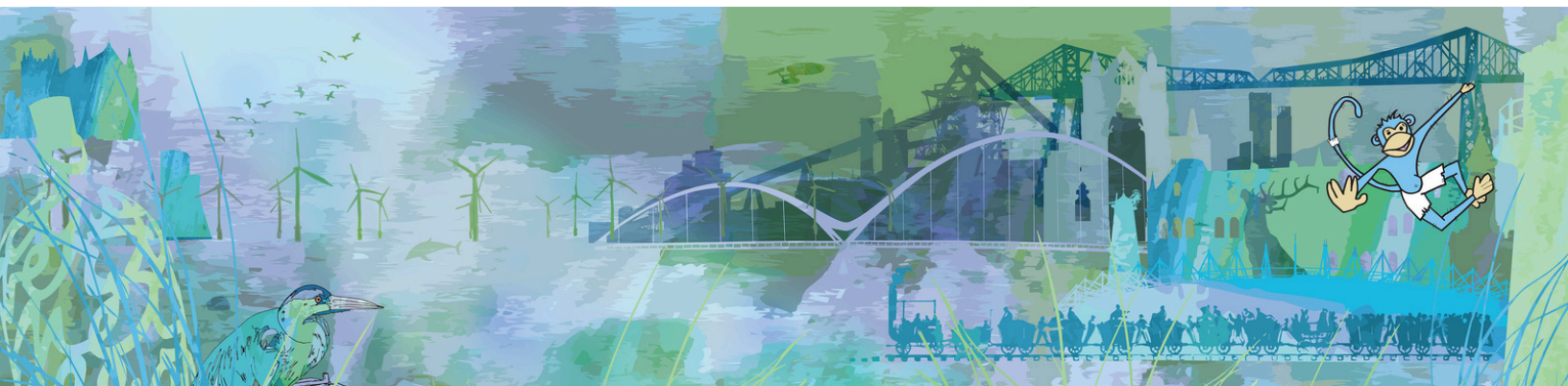
WHAT SHOULD YOU DO NOW?

Employers

- Review your home working arrangements and confirm whether homeworking is required or optional
- decide whether you will reimburse homeworking costs and make sure any payments are set up correctly so they can be paid tax-free where eligible
- Keep clear records, including contracts, policies and any evidence of any required homeworking

Employees

- Check whether you are required to work from home, rather than choosing to do so under a flexible or hybrid arrangement
- Speak to your employer about whether homeworking costs can be reimbursed
- Keep evidence of any additional costs and review any previous claims if you are unsure they were correct.



HOW WE CAN HELP

At HMB, we can help you understand how the working from home rules apply to your circumstances and what, if anything, can still be claimed.

For employers, this includes reviewing whether homeworking is required or optional, advising on tax-efficient reimbursement arrangements, and making sure any payments are structured and documented correctly in line with the latest HMRC rules. For directors, business owners and self-employed clients, we can also review home office claims to ensure they are reasonable, properly evidenced and compliant.

If you need clarity, our crew is here to help



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