



# Are You Eligible To Deduct Work Expenses As An Employee?

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The typical answer to whether you can deduct work related expenses as an employee is “No, you have to be a business to do that.” Yes, there are deductions for union dues or pension contributions that affect all workers, but there are also deductions for employees for certain types of expenses depending on what you do for a living. The most common occupations for these types of deductions are commission salespeople, people working at a home office, tradespersons, long-haul transport employees, clergy, artists and musicians. Almost any occupation can qualify depending on the work arrangement you have with your employer.

### Conditions For Making the Deductions

In most cases, in order to deduct any work related expenses there are some conditions. You would in fact have to have paid for the expenses. If your company has paid for them, then they cannot be claimed. If your company has paid for part of the expenses then you can claim the other part. If you got reimbursed for paying expenses, there are two options. If you got reimbursed and it was included in your T4, meaning you have paid taxes on what you received, you can claim the expenses you have paid to offset the taxes you are paying. If you received money tax free, then you would not be allowed to make a claim for that same amount because you have already received your money back from the employer. If you have paid for the expenses, you must have receipts to prove what you are claiming. If these expenses are shared between personal and employment, the personal use portion must be calculated and taken out of the claim.

The employer has to agree that you did have to incur these expenses in order to do your job. Just because you incurred expenses, it does not mean you can claim them for that reason alone. How do you clarify what is allowed by your boss and what is not? There is a form called the T2200 form – Declaration of Conditions of Employment. This form lays out what expenses you are allowed to claim and what reimbursements you are given at the same time. The employer must sign and date this form and you would have to show it to the CRA if they ask for proof of the claim. There are other forms in special instances, a TL2 for meal and lodging for long haul transport employees and a T1223 for clergy residence deductions. Artists and musicians can also deduct work related expenses in certain situations. The T2200 must be filled out completely and accurately, otherwise it will not be valid.

You cannot claim the same expenses in two places on the tax return. This is known as “double dipping” as you can make twice as much of an impact from the same expense. Even if the expense is legitimate in both places, it should only be claimed once. It is up to you the taxpayer which option would give you the best tax refund.

### What Types of Expenses Can Be Claimed?

The T2200 would govern exactly what can be claimed. The most common expenses are automobile use for the company, home office expenses where you are working at home instead of being physically at the office, office supplies and meal expenses. Office supplies and meal expenses are relatively straightforward except that meal expenses are claimed at 50% of the actual amount paid.

In terms of home office expenses, the general concept is that whatever expenses you would incur to have an office is allowed to be claimed. This would include utilities, rent and maintenance fees. Property taxes and insurance can be claimed in some cases but not in every case. Mortgage interest cannot be deducted for employees. The percentage of the house used for the office must be considered as well in this calculation.

For automobile expenses, this would include fuel, maintenance, insurance, licensing fees, parking, interest on financing and depreciation the car as well. The portion of the car used for employment purposes would be calculated using the kilometres driven for work divided by the total kilometres driven.

### What About the GST and HST?

For the GST/HST portion of these expenses, there is a GST370 form to claim back and GST/HST that was paid along with these employment expenses. The idea is that the GST/HST should be paid only by the final consumer. Any business that is involved between the natural source of a product and the final consumer will charge GST/HST and then claim it back at each stage of the way so that the sales taxes will be offset. Only the final customer cannot claim this from anywhere unless they get a GST/HST credit for lower income, but this is a different situation. The employee who is getting reimbursed the GST/HST through the GST370 form is acting like the employer for these expenses so this is where the rebate comes from. This form must be signed by the employer as they must be a GST/HST registrant in order for any claim to be available. There are different rates available on the form to cover the varying rates of HST in Canada. If you do receive a GST or HST rebate through this form, this would be considered income and would be entered in the year it is received which is typically the following years' tax return. Note that not all expenses have GST or HST in them even if you qualify to get them reimbursed. The individual expenses should be scrutinized to make sure there actually was GST or HST paid in the first place.

Contact me, Joe Barbieri by email at [joetheinvestor.today@gmail.com](mailto:joetheinvestor.today@gmail.com), or by telephone at 647-286-8020 for an independent consultation on what your options are. **Note: This site is intended for people who want to learn about the world of investments and how to research for themselves. If you would like to buy or sell investment products, or specific advice on investment products, tax or legal issues, please consult your investment advisor, accountant or legal counsel.**