01 / CHOOSE YOUR ROUTE

Working from home.

What you can claim depends on whether you are a sole trader or working through your company.

Director or employee of a company

Your company can pay you towards extra household costs when you work at home **regularly under an agreed arrangement**. Occasional evening admin alone is not enough. Regular hybrid working can qualify.

THE SIMPLE COMPANY PAYMENT

£6 a week

Or £26 a month if paid monthly. Use one basis, not both. Twelve qualifying monthly payments total £312.

No detailed bills are needed to prove the amount at this rate. Keep the arrangement, eligible period and payment record. It is an expense reimbursement, not salary or a dividend.

The company can reimburse more if you evidence the actual **additional** costs. This does not mean a share of your normal mortgage, rent or Council Tax.

Sole trader working from home

You claim a deduction in your business accounts. You do not pay yourself an employee allowance. Choose a supported actual-cost claim or these monthly running-cost rates:

Business hours at home	Monthly flat rate
Under 25	No flat rate; consider actual costs
25 to 50	£10
51 to 100	£18
101 or more	£26

Count genuine business work, including customer work, bookkeeping and marketing. Record your hours each month. There is no separate £6-a-week sole-trader allowance.

Phone and internet business use are separate. Certain fixed household costs may also qualify separately; ask SBX rather than double-counting costs already covered.

IMPORTANT FOR 2026/27

Employees and directors can no longer claim unreimbursed homeworking household expenses personally from HMRC for this tax year. Qualifying company payments and sole-trader business deductions remain separate routes.

For UK sole traders and company directors/employees. A deduction reduces taxable profit; it is not a refund of everything you spend. No salary-sacrifice arrangements are assumed.

CHECK THE RULES Employer homeworking arrangements · Employer payment amounts · Sole-trader homeworking rates · 2026 employee-claim change

02 / SEE THE NUMBERS

A claim is not the same as a tax refund.

These examples keep the company payment, the business deduction and the tax saving separate.

Example A: a company-paid allowance

Alex works at home regularly under a documented arrangement for the whole tax year. The company pays £26 each month.

What happens	Amount
Paid to Alex: £26 × 12	**£312.00**
Company tax saving, assuming 19% relief	£59.28
Company cost after that relief	**£252.72**

Alex receives £312 with no tax or NI on the qualifying reimbursement. The company saves £59.28, **not £312**, assuming the full deduction attracts 19% Corporation Tax relief. Other tax rates and relief timing can change the saving.

Example B: varying sole-trader hours

Months worked	Calculation
4 months at 40 hours	4 × £10 = £40
4 months at 80 hours	4 × £18 = £72
4 months at 120 hours	4 × £26 = £104
Running-cost deduction	**£216 for the year**

This £216 reduces taxable trading profit. The tax saving depends on the owner's tax and NI position.

Actual costs: use a sensible calculation

For a sole trader, split eligible household costs using the facts: the space used, time used, type of bill and business activity. There is **no universal 20% home-office claim**.

ILLUSTRATIVE MONTHLY CALCULATION

Selected heating and electricity costs: **£240**.

A supported 20% share relates to the relevant room, and 50% of that use relates to work.

£240 × 20% × 50% = **£24 deduction**.

Those percentages are examples, not HMRC rates. Use your own evidence. This compares running costs only; review any eligible fixed costs and phone/internet separately under either method.

Keep mortgage **capital repayments** out. Normal groceries are private. Do not add both actual heating/electricity and the flat rate for the same period.

CHECK BEFORE CHANGING YOUR HOME

Exclusive business use can affect tax relief when you sell your home. Merely making a supported claim does not automatically create that problem. A garden office or renting space to your company needs a separate check.

The sole-trader calculation is not the company's additional-cost test. For example, the company cannot simply reimburse 10% of an existing household mortgage as a tax-free homeworking allowance.

CHECK THE RULES Flat rate and separate costs · Actual household costs · Self-employed expense rules · Business use and selling your home · Corporation Tax rates

03 / YOUR PRACTICAL RECORD

Your homeworking claim sheet.

Complete this in Word or print it. Copy the rows for further months. Figures are entered and totalled manually.

Business / company: [enter] **Person:** [enter] **Tax year / period:** [enter]

Route: [sole trader / director or employee] **Regular working pattern and start date:** [enter]

Month / period	Business hours[1]	Method chosen[2]	Amount proposed	Evidence / calculation reference	Company payment date[3]

1. Hours set the sole-trader flat rate; they are not the company £6/£26 test. 2. Choose flat rate or supported actual costs for the same running costs. 3. Company route only; a sole-trader deduction is not a reimbursement.

Supporting actual-cost calculation, where relevant

Cost and bill period	Bill amount	Business basis / additional cost explanation	Proposed claim	Receipt reference

Before sending: identify what the home is used for, attach any actual-cost workings and flag periods when arrangements changed.

For SBX: confirm the route and allowed amount, check any separate fixed costs, and record only one claim for each cost.

Total proposed: £[enter] **Amount agreed:** £[enter] **Reviewed / approved by and date:** [enter]

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

CHECK THE RULES Employer homeworking arrangements · Employer payment amounts · Actual household costs · Flat rate and separate costs