

e-Working and Tax

Part 05-02-13

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1. Introduction

The number of employees e-Working is increasing. This manual addresses the tax issues arising from their unique working circumstances.

Generally e-Working is regarded as a method of working using information and communication technology in which the work-related activity that is carried out is not bound to any particular location.

e-Working includes:

- working at home on a full-time or part-time basis
- working some of the time at home and the remainder in the office
- working while on the move, with infrequent or occasional visits to the office.

e-Working involves:

- working for substantial periods outside the employer's premises
- logging onto the employer's computer remotely
- sending and receiving email, data or files remotely
- developing ideas, products and services remotely.

These arrangements only apply to e-Working employees. They do not extend to employees who, in the normal course of employment, bring some work home in the evening, or at weekends, etc.

2. Income Tax

2.1 Provision of Computers & other Additional Equipment

Under an e-working arrangement an individual's employer may provide equipment, such as:

- computers, (including laptops or hand held computers)
- printers
- scanners
- fax machines
- software

to enable him or her work from home. Where the provision of such items is primarily for business use, a Benefit-In-Kind (BIK) charge will not be imposed on the employee in respect of incidental private use.

The provision of a telephone line, broadband, etc. for business use will also not give rise to BIK.

Additionally, the provision of other equipment, such as office furniture, etc., by the employer to enable the employee work from home will not attract BIK where the equipment is provided primarily for business use.

2.2 Home Expenses

e-Workers will incur certain expenditure in the performance of their duties from home, such as additional heating and electricity costs. Revenue allows an employer to make payments up to €3.20 per day to employees without deducting PAYE, PRSI, or USC. This does not prevent an employee making a specific expenses claim where the actual expenditure incurred is in excess of this amount.

Records of payments made must be retained by the employer for the purpose of a Revenue Audit.

2.3 Other Expenses

The tax treatment of motor expenses and subsistence payments which may be made by an employer without attracting an Income Tax, PRSI or USC liability is set out in [Tax and Duty Manual Part 05-02-05](#) - Employees' Motoring/Bicycle Expenses

and [Tax and Duty Manual Part 05-02-04](#) Employees' Subsistence Expenses, respectively.

In relation to e-Workers, the determination of the individual's work base may cause an element of difficulty. In practice, if the employee works part-time in the office and part-time at home, the work base is the office. Note that under no circumstances may expenses be reimbursed tax free in relation to travel between a person's home and their place of work. Likewise subsistence expenses may not be paid without deduction of tax in respect of periods spent in an individual's home.

3. Universal Social Charge (USC)

USC is payable on gross income including notional pay, i.e. BIK. As the provision of equipment to facilitate an e-Worker carry out his or her work-related duties does not generally attract a BIK charge, there is no additional USC liability imposed on the provision of this work-related equipment.

Likewise, as mentioned above, the daily payment of €3.20 is not chargeable to USC.

4. Capital Gains Tax (CGT)

Where an e-Working employee uses any part of his or her home for e-Work purposes, the CGT exemption for Principal Private Residences will not be restricted.

5. Local Property Tax (LPT)

There is no reduction to LPT due on a residential property in relation to the owner using a room in their home to carry out work-related activities.