

Company's office at board member's or employee's home

Company's office is at the board member's or employee's home.

The expenses related to home office must be related to business, i.e. necessary to perform work, and documented. If part of an apartment or house or property is used for personal purposes and part for business, then proportions must be found.

Proportions are based on:

1. actual use;
2. area ratio – part used in business and part in personal use;
3. time (if area ratio cannot be applied) – the extent to which it is for business use and for personal use;
4. if determining proportions is difficult, 50% is for business and 50% is for personal use.

It is recommended to determine the respective proportions in a written agreement. Payments made to employees are based on periodic expense documents in which it is recommended to indicate the reimbursable proportions and amounts of the expenses.

If an employee uses personal equipment (furniture, equipment), no tax liability arises. If work equipment is purchased to an office, only the costs of equipment that are used to perform work are exempt from tax. This also applies to interior finishing (only the cost of interior finishing of the space used as a workplace is exempt from tax). If the furnishing elements also have an aesthetic value for the rest of the home, then proportions must be found. If the company bears the total cost, the personal consumption part is taxed as a fringe benefit.

Therefore, home office-related expenses that can be reimbursed exempt from tax must be business-related, i.e. necessary to perform work in home office. The expenses that the apartment/house owner would have to incur even if they did not work at home are the expenses of a private person and cannot be reimbursed exempt from tax by the company. If the company reimburses expenses that do not depend on the use of the living space (dwelling) for work, but arise from owning the living space, these are taxed as a fringe benefit and declared in annex 4 of the form TSD. Such costs of owning a dwelling are, for example, loan payments and interest, land tax, insurance, etc.

If an employee or a board member decides to **rent one room in their home, which they use as a company office, to the company and pay themselves a fee for it**, the company must withhold income tax when making the payment and declare the payment in annex 1 of form TSD with payment type 50.

Last updated on 08.01.2025