

## **SARS hosted a webinar on ‘Home Office Tax Requirements’ on 9 July 2021**

- If you have missed the live streaming, [it’s available to watch here.](#)
- The presentation discussed during the webinar is [available here for viewing or downloading.](#)
- The Frequently Asked Questions (FAQs) were updated on 17 November 2021:

The FAQs below are based on persons in employment who do not earn mainly commission (unless expressly stated otherwise). References to “the Act” refer to the Income Tax Act 58 of 1962, unless indicated otherwise, and references to “sections” are to sections of the Act. “CGT” refers to Capital Gains Tax. “[Interpretation Note 28](#)” (IN 28) refers to Draft Issue 3 of Interpretation Note 28 “Deductions of Home Office Expenses Incurred by Persons in Employment or Persons Holding an Office” published by SARS for public comment on 15 November 2021.

### **1. What documents will be required in order to enable the employee to submit their returns accurately?**

The following should be included:

- a. Letter from employer permitting remote work – including the period that remote work was allowed and where available dates that the employee did not report to the office.
- b. Floor plan showing dedicated space and calculation of proportion in relation to total buildings on the property (this does not need to be a municipal or council plan of the home, but can be an informal but accurate drawing of the floor plan).
- c. Photographs showing dedicated space, specifically equipped.
- d. Schedule showing calculation that work was *mainly* from home – in other words, showing that more than 50% of all work for the year was from the home office, including any supporting evidence.
- e. Actual invoices of claimed expenses with proof of payment.
- f. Schedule of amounts claimed and apportionment calculations.

### **2. If the employer provides data to employees for work purposes, could this qualify for the no-value fringe benefit under paragraph 10(2)(bA) of the Seventh Schedule to the Act?**

Yes, if the data is used mainly for purposes of the employer’s business, the employee could qualify for a no-value benefit.

### **3. Are furniture, Wi-Fi expenses, and beverages claimable?**

Furniture and certain Wi-Fi equipment owned by the taxpayer may qualify for a wear-and-tear allowance. Consult [Interpretation Note 47](#) “Wear-and-Tear or Depreciation Allowance” (Issue 5) for a list setting out what SARS considers to be the useful life of certain assets.

Other Wi-Fi costs and beverages are not permitted as a deduction for home office purposes.

**4. If you only use a portion of your bedroom for your home office, are you eligible to claim for a home office?**

The home office must be exclusively used for purposes of the trade. A taxpayer will find it very difficult to prove that a portion of his or her bedroom is used exclusively for purposes of trade, and thus would not qualify for a home office deduction.

**5. Where a taxpayer claims home office expenses and the house is in the name of the taxpayer's spouse, would this impact the CGT calculation when the spouse sells the house?**

Yes, home office expenses claimed by a taxpayer will have a CGT impact on the disposal of the property by the spouse. The taxpayer's use of the property for business purposes will affect the spouse's primary residence exclusion.

**6. If I have to pay for a dedicated Wi-Fi / internet link for my home office, would this be claimable?**

Wi-Fi equipment that is owned by a taxpayer may qualify for a wear-and-tear allowance. Other Wi-Fi expenditure, for example monthly subscriptions and certain installation charges, are not permitted as a deduction for home office purposes.

**7. I have a small house and due to the limited space, I use some of the area for working. Am I eligible to claim for that small space?**

The home office must be exclusively used for purposes of the trade. If you don't have a separate room set aside for your home office, it will be very difficult to prove that the area claimed as being used for trade, is used exclusively for that purpose.

**8. What exactly does the employer need in the letter to SARS that confirms the employee's work from home arrangement:**

- The letter should be on the letterhead of the employer with their registration details including the PAYE number.
- The letter should provide the employee details and specify the period (start and end dates) when the employee was allowed to work from home.
- The letter should, where possible, indicate the dates during the year that the employee reported to the employer's premises.

**9. Are the requirements documented for employers to refer to?**

Yes, [IN 28](#) is available on the SARS website and explains the requirements.

**10. Do I need to apportion my data usage to the percentage of the area the house?**

No, data usage is not an expense that may be claimed by an employee. That expense could however be reimbursed by an employer.

**11. Can a salaried employee claim a deduction for home office expenses?**

If a salaried employee meets the requirements prescribed by the law, they could qualify for a deduction of home office expenses.

**12. Would insurance excess on the ceiling repair and geyser be allowed? If the geyser is directly above the home office space.**

Such an insurance excess on the ceiling repair would be a payment towards a repair, and may qualify for deduction if the requirements for claiming repairs are met. The portion of the expense relating to the geyser may, however, not be claimed as water is not a permitted home office expense.

**13. Do I qualify for this tax deduction if I have renovated a room in my home for the sole purpose of my office space (can I claim for the renovation)?**

This will depend on whether the renovation constitutes a repair or an improvement. Repairs may qualify for a deduction if all the requirements are met, but improvements are not deductible. Further, expenditure and losses incurred prior to the commencement of trade would not be eligible for deduction as these are not permitted under the legislation applicable to home office claims.

**14. Will the use of home office equipped for work purposes be allowed as a deduction for employees that have due to the pandemic been working from their home offices? Bearing in mind that in a normal period they would have worked from their employer's offices.**

Yes, provided they meet the legal requirements. An additional requirement for employees is that they must spend more than 50% of their working time in the home office in a year of assessment. For employees who earn mainly commission, more than 50% of their working time must be spent outside of the employer's premises.

**15. How will the use of one's home office for 1 or 2 years impact the CGT calculation on disposal of that property?**

When a part of your home is used as a home office, that part is considered to "taint" the primary residence exclusion for CGT purposes.

Upon the sale of the home, the overall capital gain or loss will need to be apportioned between the tainted and untainted elements. This apportionment is done by taking into consideration the portion of the home being used for business purposes as a home office (based on floor area) and the period that the part was used as a home office. The primary residence exclusion can only be set-off against the untainted portion of the capital gain or loss. The tainted portion of the capital gain must be fully brought to account.

**16. What happens if the taxpayer never had an office at home but now had to sit at home and work due to COVID? Can they still claim home office expenses? Will these expenses be considered for COVID-19 in Year of assessment 2022?**

The taxpayer will not be eligible to claim home office expenses unless the relevant part of the home is regularly and exclusively used for the purposes of trade, in this case, employment. That part must also be specifically equipped for that purpose. Even if a taxpayer worked mainly from home, if these requirements are not met, no deduction is permitted.

**17. During verification of home office expenses by SARS, one of the items requested is evidence that duties are performed mainly in the dedicated office space. What would be accepted as supporting evidence for this question?**

Signed confirmation letter from the employer with their employer registration details, the employee's details, information relating the duties that the employee will perform, the date when the employee was permitted to start working from home and if relevant the date such permission was withdrawn, and if available, the days that the employee did not report to the employer's premises.

**18. If I have solar power during the day, how can I claim because I don't have receipts for that power?**

If no expense has been incurred, no deduction is permitted. Please consult [IN 28](#), paragraph 4.6.2 (b) "Electricity generation" for more detail on installation costs.

**19. A taxpayer and his or her spouse both require only a laptop to conduct their trade of employment. They share an office at home. The room is 100% an office and is used for nothing else. Does this fail the requirement of exclusive use? Should the house have two separate rooms that are used separately by each spouse for their work?**

If the home office is clearly divided between the two spouses' respective spaces, and each space meets the requirements for a home office deduction, then each spouse could qualify for a deduction. Evidence such as photographs of the room showing the clear division should be taken often.

If there is no clear division of the room between the spouses, and for example, they share a desk, then the exclusivity requirement will not be met and no deduction may be claimed.

See Examples 4 and 5 in [IN 28](#) for more detail.

**20. I have a full time domestic helper who cleans my home office space daily and I pay her cash at the end of the month. What proof would you require in this instance?**

Proof of payment must be retained. The domestic worker should sign an acknowledgement of receipt of the monthly payment. As an employer, you would be required to register for UIF for the domestic worker, proof of payment of UIF contributions may also be requested on audit or verification by SARS.

**21. What if I have to top up airtime or data on my work supplied phone? In general I would have to use my phone more often than if I was in the office. I would be able to use the landline in the office, or walk to my colleagues. What if I have to buy pens, paper, etc. for work purposes, because I cannot go to the office to collect stationery from there?**

Section 23(m) prohibits such deductions (airtime, data and stationery) for employees other than employees earning mainly commission. The employer could be approached for a reimbursement of these business-related expenses.

**22. I have a room that I use for my home office but there is a wall of cupboards that is used for linen storage can I still claim for the home office but exclude the square meters of the cupboards?**

Excluding the space for the cupboards will ensure that only expenses relating directly to the home office are claimed.

**23. Is it possible for me to claim for home office if I have already submitted my returns for 2021?**

In certain circumstances, yes. Return submission often allow for a “request for correction” upon realising that you have omitted certain information or made an error. Alternatively, you could lodge an objection, provided it is lodged within the prescribed time limits.

**24. I have always worked from home but never claimed a deduction. I now know that I could qualify. What deduction can I claim in the current year of assessment for equipment that I purchased in earlier years of assessment?**

You may qualify for a wear-and-tear allowance on the asset. It will depend on the useful life of the asset. Please consult [Interpretation Note 47](#) “Wear-and-Tear or Depreciation Allowance” (Issue 5) for a list setting out what SARS considers to be the useful life of certain assets, as well as the rules applicable to claiming wear-and-tear allowances. A claim for a wear-and-tear allowance is not dependent on whether you qualify for a home office deduction.

**25. What do I need to keep as proof for electricity, if am using Prepaid electricity.**

The prepaid vouchers will be acceptable.

**26. I decided to turn the garage which was filled with clutter into an office, I renovated the space (paint, ceiling installation with lights, window, office chair and desk etc.). I own outright and do not pay bond or rent, and also do not have records of floor plans. Am I eligible to make a claim?**

You will need to obtain accurate dimensions for the converted garage and rest of the buildings, perhaps from the local council. It is not a requirement that building plans be professionally drawn up, you can draw up the plan yourself, provided the measurements are accurate.

You will not qualify for a deduction for the improvements made when converting your garage to a home office, as this does not qualify as a repair. You may, however, qualify for a wear-and-tear allowance for the chair and desk.

Further, expenditure and losses incurred prior to the commencement of trade would not be eligible for deduction as these are not permitted under the legislation applicable to home office claims.

**27. Can I claim for installing desks and shelving as well as chairs etc. for the separate room I have converted into a home office?**

Yes, you could qualify for a wear-and tear allowance on these items. Please consult [Interpretation Note 47](#) "Wear-and-Tear or Depreciation Allowance" (Issue 5) for more detail on the requirements and a list setting out what SARS considers to be the useful life of certain assets.

**28. Can you get solar rebates for Work-From-Home (WFH) if your personal property is running on Solar and part of your property is dedicated to work from home?**

If your property is running on your own installed solar power, then you will not have incurred any expenditure and no deduction is permitted.

**29. What will happen if you live in a complex building? How will I then deal with the total buildings on the property?**

The home office is calculated pro-rated to the size of your own section, not the entire complex. Only the portion of the levy that relates to your own section, and not to the common property, may be claimed. Please consult [IN 28](#), paragraph 4.6.2 (c) "Levies" for more detail.

**30. I've been working from home since start of lockdown in 2020. I make use of my existing space in the house to work from. No special room, I didn't buy any chair or desk. Am I eligible to claim?**

No you will not be eligible, as it does not appear that the part of your home used for trade is exclusively used for trade, and is not specifically equipped for purposes of your trade.

**31. If the employee is only required to work from home for let say 5 months out of the 12 month period, am I correct in saying that the "mainly" requirement is not met?**

Yes, that is correct.

**32. Since we have an 8 hour work day with 1/2 hour for lunch surely the exclusive work space should only apply during work hours?**

No, the law requires "exclusive" use for trade purposes. That requirement does not change based on the time of the day that it is.

**33. I have incurred interest on my mortgage bond, in respect of my home. I use a part of my home as my home office, and meet all of the requirements to claim a home office deduction. Can I claim the mortgage interest?**

It has been Revenue practice to allow mortgage interest in the calculation of a claim for home office expenditure. Therefore, for the period ending on 28 February 2022, that is, up to the end of the 2022 year of assessment, you may claim the interest on your mortgage bond. The interest incurred must be apportioned under the normal apportionment rules.

However, section 23(m) only permits employees to claim home office deductions that are permitted under sections 11(a) and (d). Interest on a mortgage bond is an expense that is claimed under section 24J, and is accordingly prohibited from being claimed in terms of section 23(m). Consequently, for the period commencing on 1 March 2022, that is, from the 2023 year of assessment onwards, mortgage interest will not be permissible in the calculation of a claim for home office expenditure.