

Relevant invoices/receipts will be required upon audit. If they cannot be produced, the claim will be disallowed.

Calculation of apportionment

Floor space of Office (square metres)

Floor space of House (square metres)

$$\frac{5\text{m} \times 2\text{m}}{8\text{m} \times 12.5\text{m}}$$

$$= \frac{10\text{m}^2}{100\text{m}^2}$$

$$= 10\%$$

The portion of the home used as the home office is 10%

#### Calculation of Deduction

$((\text{R}29\,515 - \text{R}2\,520 \text{ wear-and-tear}) \times 10\%) + \text{R}2\,520$   
wear-and-tear

$$= (\text{R}26\,995 \times 10\%) + \text{R}2\,520$$

$$= \text{R}2\,699 + \text{R}2\,520$$

Allowable Deductions **R5 219**

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## Home Office Expenses

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Many individuals may be permitted to claim home office expenses, when they submit their tax return, since some individuals may be required to work from home. Provided they meet the requirements as set out in the Income Tax Act, including the provisions laid out in section 11(a), read in conjunction with sections 23(b) and 23(m).

**What constitutes home office expenditure?**

Typically, home office expenditure will be the type of expense referred to in section 23(b), namely



rent of the premises



rates and taxes



cleaning



cost of repairs to the premises



other expenses in connection with the premises

- » The employee must regularly and exclusively use the office for trade purposes, i.e. it cannot be used for private purposes. If an employee does not have a separate study or office available in their home or home office, they will have great difficulty proving that the part of the home was used exclusively for business purposes and a deduction will likely not be permitted.
- » The employee's duties must be performed mainly, i.e., more than 50%, in their home office (not applicable to commission earners).
- » Employees who are not commission earners, but who spend the majority of their time on the road visiting clients, performing their duties mainly at their clients' premises, do not qualify for a deduction/claim of home office expenses.
- » The employer must allow the employee to work from home. Confirmation thereof will be a requirement upon Audit (not applicable to commission earners).

**Requirements for Home Office Expenses**

- » The part of the home, i.e., the office space, for which a claim is submitted, must be occupied for purposes of a trade (which includes employment).
- » The office occupied must be specifically equipped for purposes of the trade, e.g. a home study, with a desk, computer, and so forth.

**Example**

**Calculation of expenses**

Cost of repairs to the premises	R10 200
Wear-and-tear on home office equipment	R2 520
Rates & Taxes	R4 515
Electricity	R6 400
Domestic Worker	R5 880
	<u>R29 515</u>