

Desk, Deduction, Denied: Navigating SARS's Home Office Rules

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03 July 2026

INTRODUCTION

Many employees working from home are unaware that they may qualify for a home office tax deduction. While this can provide meaningful tax relief, the South African Revenue Service ("SARS") applies strict requirements, and claims will only be allowed where the prescribed criteria have been met.

CORE REQUIREMENTS

To qualify for the deduction, the home office must be **specifically equipped** for purposes of the taxpayer's trade and must be used **regularly and exclusively** for such purposes. This means that a dedicated room used solely for work purposes is required—a desk in a shared living area will not suffice. If these requirements are not met, SARS will disallow the deduction¹.

COMMISSION EARNERS: A DIFFERENT THRESHOLD

Employees who earn their income **mainly in the form of commission** or other variable payments based on their work performance are subject to additional requirements. In such cases, to claim the home office deduction, the employee must perform **more than 50% of their duties outside of the employer's office**. SARS will consider where the income-generating activities are actually carried out, rather than merely whether office space is available at the employer's premises².

WHAT CAN BE CLAIMED?

Permissible expenses include:

- **Home-related expenses (apportioned according to floor area):** rent, electricity, cleaning costs, repairs, rates and taxes.
- **Office-specific expenses:** items such as desks, chairs and computers (claimed on a wear-and-tear basis under section 11(e)), as well as the costs of repairs to office equipment³.

COMMON PITFALLS

Claims are frequently disallowed where the workspace is not specifically equipped for and used regularly and exclusively for work purposes, where the employee fails to meet the duties-performed threshold (for commission

earners, more than 50% outside the employer's office; for non-commission earners, more than 50% in the home office), where capital expenses (such as renovations or improvements) are claimed, or where adequate supporting records and documentation are not maintained.

CONCLUSION

Although often overlooked, the home office deduction can offer valuable tax relief. However, without strict compliance with SARS's requirements and proper supporting documentation, what may appear to be a benefit can quickly result in a disallowed claim.

Please note: this article is for general public information and use. It is not to be considered or construed as legal advice. Each matter must be dealt with on a case-by-case basis and you should consult an attorney before taking any action contemplated herein.

¹ Section 23(b) of the Income Tax Act 58 of 1962.

² Section 23(b) of the Income Tax Act 58 of 1962; *Silke on South African Income Tax (LexisNexis)*, para 7.4.2.

³ SARS "Home Office Expenses" para 3 and 4.



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