Geopolitics, Remote Work and Home Office Deductions in South Africa



Geopolitics impacting global mobility tax

Heightened geopolitical tension, rising fuel costs and travel disruptions are making it harder for some employees to return to their usual work locations – whether host locations or home countries. As a result, more globally mobile employees are working remotely or in hybrid arrangements for extended periods.

For many employees who previously did not claim home office expenses, this shift may create an opportunity to claim a home office tax deduction in the 2027 year of assessment (1 March 2026 – 28 February 2027), and potentially beyond, if remote or hybrid work becomes the longer term norm.

Home office deductions

What Are Home Office Expenses for Tax Purposes?

For South African tax purposes, home office expenses are costs linked to the part of your home that you use **regularly and exclusively** for your work or trade.

SARS treats that portion of your home as if it were business premises. This means you may deduct an appropriate share of certain household costs, plus some office specific costs.

Who Can Claim Home Office Expenses in South Africa?

The rules differ slightly depending on whether you are an employee or an independent contractor/freelancer (sole proprietor).

1 Independent Contractors, Freelancers, and Sole Proprietors:

You can generally claim home office expenses if you carry on your trade or business mainly from your home and have a dedicated space used regularly and exclusively for that purpose.

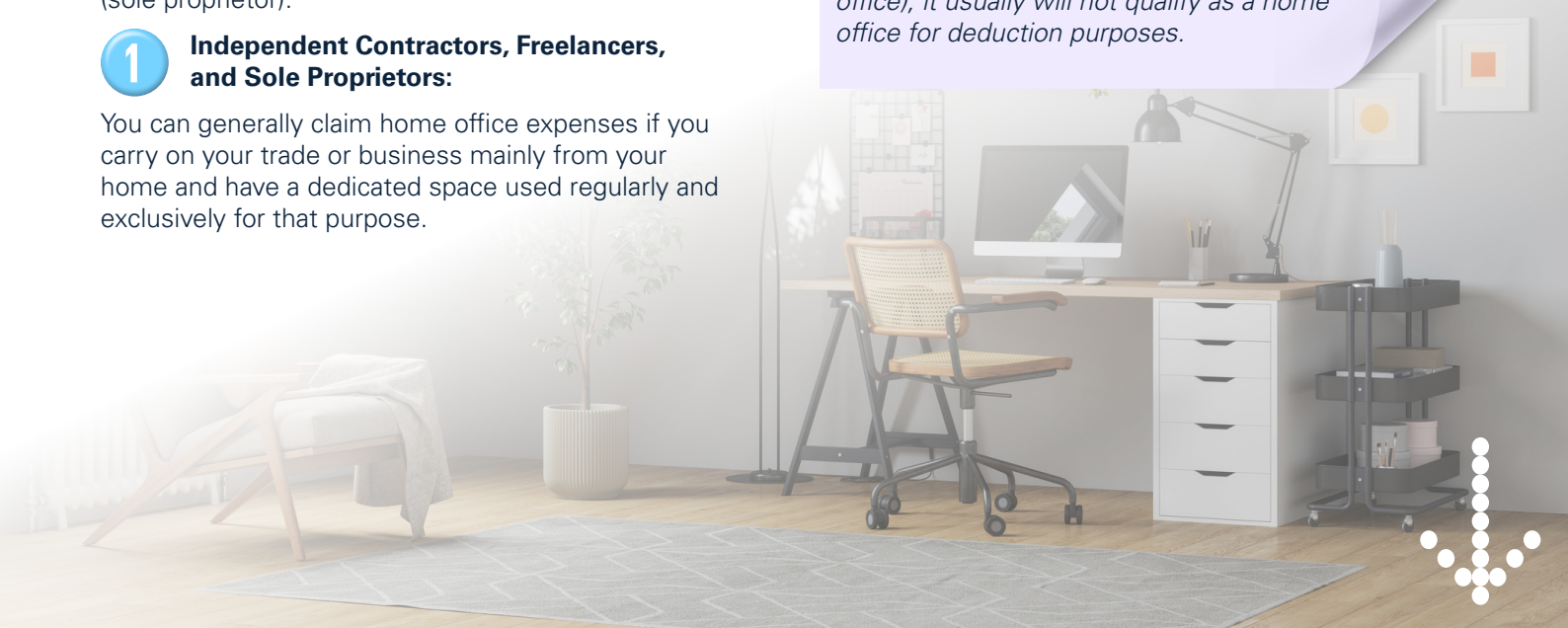
2 Salaried Employees and Commission Earners:

The rules are stricter. In broad terms, you must be able to show that:

- Your home office is **specifically equipped** for your work (e.g. desk, chair, computer, etc.).
- You use that space **regularly and exclusively** for performing your employment duties.
- You perform your duties mainly (more than 50% of your total working hours) in that home office.
- If you are a salary earner (not mainly commission based):
  - Either your employer does not provide you with an office at their premises, or
  - Your role requires you, in practice, to work from home.
- If more than 50% of your total remuneration is commission or variable pay:
  - It is generally easier to show that your home office is your primary base of operations, provided you meet the "regularly and exclusively" test.

Key principle:

If the workspace is also used privately (e.g. dining room table, guest room that doubles as an office), it usually will not qualify as a home office for deduction purposes.



What Expenses Can You Claim for Your Home Office?

If you meet the qualification criteria, you can typically claim two types of expenses:

1 Apportioned Household Expenses:

These are costs related to the whole property that are then divided based on the size of your home office relative to the total size of your home. Common examples include:

- Rent paid (if you rent your home).
- Interest on your bond (if you own your home) – with important SARS limitations explained below.
- Rates and taxes.
- Electricity and water.
- Cleaning and domestic costs.
- Repairs to the premises (general repairs, not specific to the office).

2 Direct Office Expenses:

These are costs directly related only to your home office space and don't need to be apportioned. Examples:

- Wear and tear (depreciation) on office equipment (computer, printer, desk, chair).
- Repairs to equipment used in your home office.
- Stationery
- Telephone calls (if a separate business line or itemised)
- Internet connectivity (if a dedicated business line or a reasonable supportable apportionment of a shared line)

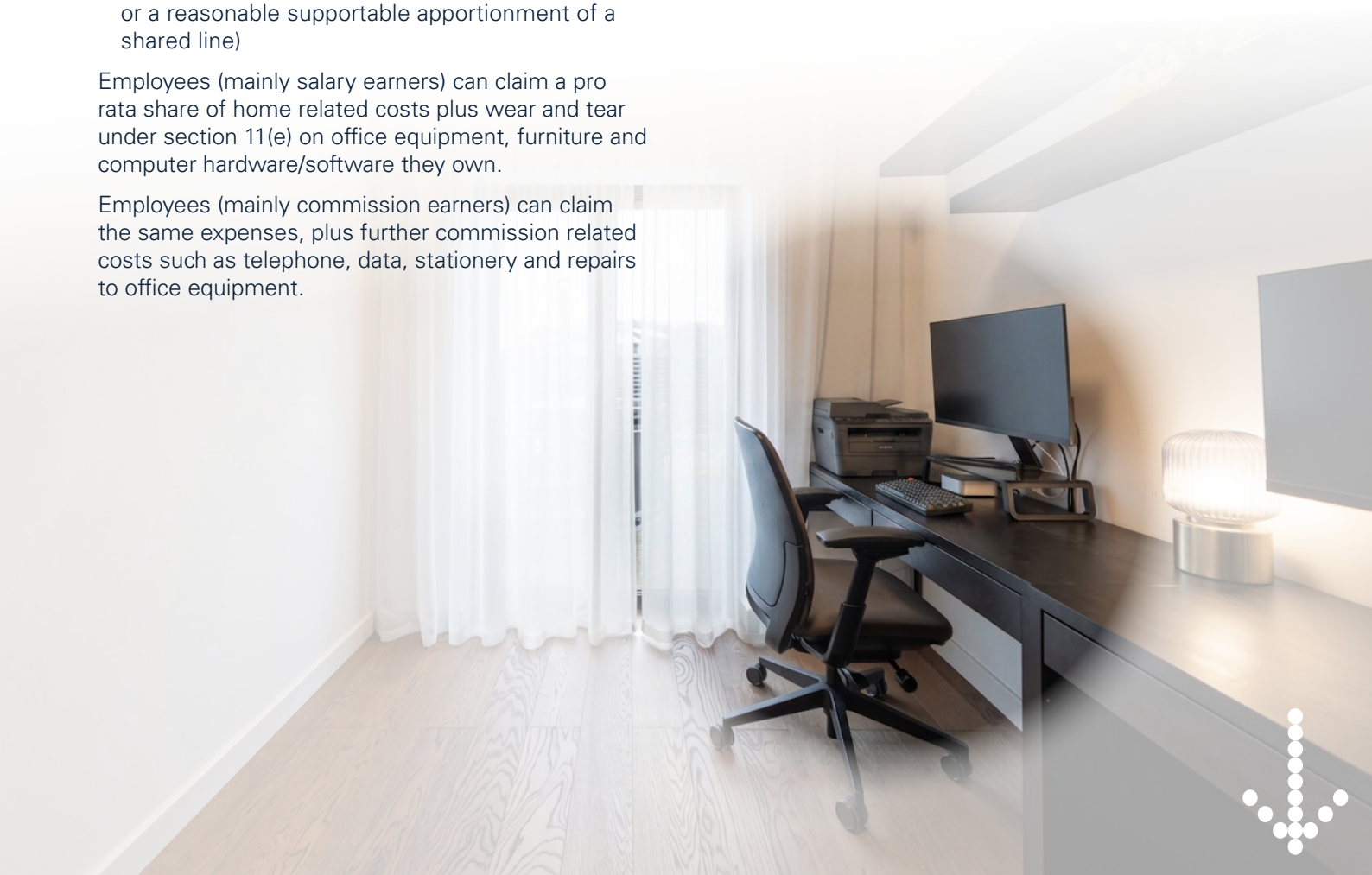
Employees (mainly salary earners) can claim a pro rata share of home related costs plus wear and tear under section 11(e) on office equipment, furniture and computer hardware/software they own.

Employees (mainly commission earners) can claim the same expenses, plus further commission related costs such as telephone, data, stationery and repairs to office equipment.

Critical update: Interest on your bond (home loans)

SARS has provided important clarification on the deductibility of bond interest for employees in Interpretation Note 28 (Issue 3):

- Section 23(m) restricts many employment related deductions for employees who do not mainly earn commission.
- It allows a deduction for certain premises related expenses only when they qualify under section 11(a) or section 11(d) and are not prohibited under section 23(b).
- However, SARS has noted that interest on most loans used to acquire a home will usually be deductible, if at all, under section 24J (the general interest provision) – not under section 11(a).
- For most salaried employees, the portion of bond interest relating to the home office is prohibited from deduction by section 23(m) and will not qualify as a home office deduction.
- By contrast, Independent contractors, sole proprietors and employees whose income is mainly commission are generally not subject to section 23(m). For them, apportioned interest on a bond may still be deductible, where it meets the requirements of the applicable interest deduction provisions and is genuinely incurred in the production of taxable income.



How do I calculate the home office expense deduction?

The home office claim is calculated as a percentage of the square metres of the home office over the total square metres of the entire dwelling. It is important to note that some costs are not subject to the pro-rata formula e.g. wear and tear on office equipment (the calculation for wear and tear is specifically stipulated in Section 11(e) of the Act).

Where will I claim home office expenses on my Income Tax Return (ITR12)?

Should you qualify for a deduction in respect of a home office; enter the amount calculated next to the source code 4028 (Home Office Expenses) in the "Other Deduction" container on your Income Tax Return.

Reimbursement of office equipment purchased for the home office

If the employee owns the asset and the employer reimburses the cost, the reimbursement is a **taxable fringe benefit** and subject to employees' tax.

If the asset is reimbursed and owned by the employer (but used by the employee for work), it is generally **not** a taxable benefit.



Capital gains tax implications

Using part of your primary residence as a home office can reduce the **primary residence exclusion** when you sell the property. The exclusion must be adjusted for:

- The portion of the property used for business, and
- The period of business use.

This can result in a higher taxable capital gain on disposal and should be considered before claiming a home office deduction.

Mixed Private and Business Use Complexities

For mixed use items such as cellphones and Wi-Fi/ data, you must:

- Use a **reasonable and supportable** apportionment between business and private use.
- Be prepared to substantiate the apportionment with itemised bills or a clear methodology (e.g. call or data analysis).

Incorrect or arbitrary apportionments can increase the risk of query or adjustment by SARS.

If you are a remote or hybrid worker, particularly affected by geopolitical travel constraints or extended remote assignments, and are unsure whether you qualify or how to calculate your home office deduction, please contact us for tailored assistance.

For more information and assistance, please contact:



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