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Claiming mobile phone, internet and home phone expenses

If you use your own phones or internet for work purposes, you may be able to claim a deduction if you paid for these costs and have records to support your claims.

If you use your phones or internet for both work and private use, you will need to work out the percentage that reasonably relates to your work use.

Substantiating your claims

You need to keep records for a 4-week representative period in each income year to claim a deduction of more than \$50. These records may include diary entries, including electronic records, and bills. Evidence that your employer expects you to work at home or make some work-related calls will also help you demonstrate that you are entitled to a deduction.

When you can't claim a deduction for your phone

Employer provided phone

If your employer provides you with a phone for work use and is billed for the usage (phone calls, text messages, data) then you are not able to claim a deduction. Similarly, if you pay for your usage and are subsequently reimbursed by your employer, you are not able to claim a deduction.

How to apportion work use of your phone

As there are many different types of plans available you will need to determine your work use using a reasonable basis.

Incidental use

If your work use is incidental and you are not claiming a deduction of more than \$50 in total, you may make a claim based on the following, without having to analyse your bills:

- \$0.25 for work calls made from your landline,
- \$0.75 for work calls made from your mobile, and
- \$0.10 for text messages sent from your mobile.

Usage is itemised on your bills

If you have a phone plan where you receive an itemised bill, you need to determine your percentage of work use over a 4-week representative period which can then be applied to the full year.

You need to work out the percentage using a reasonable basis. This could include:

- the number of work calls made as a percentage of total calls
- the amount of time spent on work calls as a percentage of your total calls
- the amount of data downloaded for work purposes as a percentage of your total downloads.

Example - phone calls are itemised on your bill

Julie has an \$80 per month mobile phone plan, which includes \$500 worth of calls and 1.5GB of data. She receives a bill which itemises all of her phone calls and provides her with her monthly data use.

Over a 4-week representative period Julie identifies that 20% of her calls are work-related. She worked for 11 months during the income year, having had 1 month of leave. Julie can claim a deduction of \$176 in her tax return (20% x \$80 x 11 months).

Usage is not itemised on your bills

If you have a phone plan where you don't receive an itemised bill, you determine your work use by keeping a record of all your calls over a 4-week representative period and then calculate your claim using a reasonable basis.

Example - non-itemised account

Ahmed has a prepaid mobile phone plan which costs him \$50 per month. Ahmed does not receive a monthly bill so he keeps a record of his calls for a 4-week representative period. During this 4-week period Ahmed makes 25 work calls and 75 private calls. Ahmed worked for 11 months during the income year, having had 1 month of leave.

Ahmed calculates his work use as 25% (25 work calls /100 total calls). He claims a deduction of \$138 in his tax return (25% x \$50 x 11 months).

Bundled phone and internet plans

Phone and internet services are often bundled. When you are claiming deductions for work-related use of one or more services, you need to apportion your costs based on your work use for each service.

If other members in your household also use the services, you need to take into account their use in your calculation.

If you have a bundled plan, you need to identify your work use for each service over a 4-week representative period during the income year. This will allow you to determine your pattern of work use which can then be applied to the full year.

A reasonable basis to work out your work related use could include:

Internet:

- the amount of data downloaded for work as a percentage of the total data downloaded by all members of your household
- any additional costs incurred as a result of your work-related use – for example, if your work-related use results in you exceeding your monthly cap.

Phone:

- the number of work calls made as a percentage of total calls
 - the amount of time spent on work calls as a percentage of your total calls
 - any additional costs incurred as a result of your work-related calls – for example, if your work-related use results in you exceeding your monthly cap.
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Example 1 – apportioning bundled services

Sujita has a \$100 per month home phone and internet bundle. The bill identifies that the monthly cost of Sujita's phone service in her bundle is \$40, and her internet service is \$60. Sujita brings in her mobile phone plan of \$90 per month and receives a \$10 per month discount. Her total costs for all services are \$180 per month.

Sujita worked for 11 months during the income year, having had 1 month of leave.

Based on her itemised accounts, Sujita determines that the work related use of her mobile phone is 20%. Sujita also uses her home internet for work purposes and based on her use she determines that 10% of her use is for work. Sujita does not use her home phone for work calls.

As the components are part of a bundle Sujita can calculate her work related use as follows:

Step 1 – work out the value of each bundled component

Mobile phone

\$90 per month minus the \$10 per month discount

= \$80 per month

Internet

\$60 per month as identified on her bill

Home phone

Sujita does not need to determine the home phone costs as she does not use this service for work purposes.

Step 2 – apportion your work related use

Home internet use

10% work related use x \$60 per month

= \$6 work related use per month x 11 months

Sujita can claim \$66

Mobile phone use

20% work related use x \$80

= \$16 per month x 11 months

Sujita can claim \$176

In her tax return Sujita claims a deduction of \$242 for the financial year (\$66 home internet use + \$176 mobile phone use)

Sujita cannot claim work related use of her home phone as she did not use it for work.

Example 2 - apportioning bundled services

Des has a \$90 per month home phone and internet bundle, and unlimited internet use as part of his plan. There is no clear breakdown for the cost of each service. By keeping a record of the calls Des makes over a 4 week representative period, he determines that 25% of his calls are for work purposes. Des also keeps a record for 4 weeks of the data downloaded and determines that 30% of the total amount used was for work.

Des worked for 11 months during the income year, having had 1 month of leave.

As there is no clear breakdown of the cost of each service, it is reasonable for Des to allocate 50% of the total cost to each service.

Step 1 – work out the value of each bundled component

Internet

\$45 per month (\$90/2 services)

Home phone

\$45 per month (\$90/2 services)

Step 2 – apportion your work related use

Home phone

25% work related use x \$45 per month x 11 months

= \$124

Internet

30% work related use x \$45 per month x 11 months

= \$149

In his tax return Des claims a deduction of \$273 (\$124 + \$149) for the year.

If you purchased a smart phone, tablet or other electronic device and use it for work, you can claim a deduction for a percentage of its cost.

See also:

- [Tools, equipment and other assets \(/individuals/income-and-deductions/deductions-you-can-claim/tools.-equipment-and-other-assets\)](#)
- [myDeductions \(/General/Online-services/In-detail/myDeductions/myDeductions/\)](#) - record keeping tool in the ATO app

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