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# Home phone and internet expenses

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Deductions for home phone, internet and other online services you use for work.

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## Eligibility to claim home phone and internet services

You can claim a deduction for the cost of your home phone and internet use that relates to your work.

To claim a deduction for home phone and internet services, you must meet all of the following conditions:

- You must incur the cost and use the service to perform your work duties.
- You must have a record of your expenses and use of the service.

When you use your home phone and internet for both private and work purposes, you need to apportion your deduction. You can only claim the work-related use of as a deduction.

You can claim a deduction for the work-related portion of the cost of internet devices or equipment – for example, a router.

Similar rules exist for [mobile phones, mobile internet and other device expenses](#) ([/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/tools-computers-and-items-you-use-for-work/mobile-phone-mobile-internet-and-other-devices/](#)), for work purposes.

## Exceptions to eligibility for working from home

Home phone and internet expenses you incur when [working from home](#) ([/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/](#)), may be included in the method you use to work out your deduction. Where this is the case, you can't claim any other deduction for home phone or internet expenses.

You will need to meet the eligibility and record keeping requirements of the work from home method you use.

## What you can't claim

You can't claim:

your use of the home phone or internet (data) for private purposes, such as

- personal emails or phone calls to family and friends
  - watching or subscribing to pay television or streaming services (except in limited circumstances)
  - seeking employment – as you are not generating employment income from the use of the home phone or internet
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- installation and set up costs for the service
  - expenses for home phone or internet services where your employer or someone else supplies it.

In limited circumstances you can claim the costs you incur to access pay television or streaming services. You must show a direct connection to your work and your deduction is limited to the part of the content that directly relates to your work.

## How to calculate your deduction for home phone and internet use

You can calculate your deduction for work-related home phone and internet use by:

- claiming incidental use (\$50 or less), with basic records to show how you calculated your claim – you can claim \$0.25 for work phone calls made from your home phone
- keeping records and written evidence to work out actual expenses for work-related use.

However, even if your home phone and internet expenses are incidental, if you claim a work from home expenses you need specific records depending on the method you use.

## How to work out your work and private use

You need to work out your percentage of work use if you use your home phone and internet for work and private purposes. Keep records that show a detailed pattern of use by you and other members of your household.

Home phones generally use the internet to make calls. The cost of phone calls is either:

- covered by an additional monthly amount added to your home internet plan that covers the cost of all phone calls made
- a charge for each phone call you make.

If you use your home phone for work purposes and private purposes and you pay a monthly amount, you will need to apportion the monthly amount. You can apportion this expense in the same way as where your use is not itemised on your bills ([/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/tools-computers-and-items-you-use-for-work/mobile-phone-mobile-internet-and-other-devices/?anchor=Useisnotitemisedonyourbills#Useisnotitemisedonyourbills](#)).

If you are charged for each phone call you make, you will need to keep a record of your work-related calls. You can claim a deduction for the total amount.

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

- the amount of data you download for work as a percentage of the total data downloads by you and all other 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
- the time spent using the internet for work purposes as a percentage of the time spent by you for private purposes and by your family for any purpose.

Keeping a diary for a continuous 4-week period is the easiest way to work out your deduction. If you record a continuous 4-week period that represents your work use, you can use it across the rest of the income year to work out your full deduction.

If you don't have a record of a continuous 4-week period, you will need to keep records for the full income year.

If you have a bundled plan that includes other related services, you need to apportion your costs. You can only claim the work-related use of each service.

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### **Example: calculating work use percentage of internet expenses**

Sometimes, Sam works from home connecting to his office through a virtual desktop. He keeps a work diary for a continuous 4-week period and compares it to his data usage on his home internet.

Sam calculates his work use percentage on the download amounts. His household uses 240 GB of data in the 4-week period.

Sam calculates that he uses 48 GB while he is working from home. This gives him a work use percentage of 20%, using the formula:

$$\text{Data used for work} \div \text{Total data use} = \text{Work use percentage}$$

$$48 \div 240 = 20\%$$

Sam's internet costs \$60 per month, so the total claim he could make in a month would be calculated using the formula:

$$\text{Total bill for each month} \times \text{Work use percentage} = \text{Monthly claim}$$

$$\$60 \times 20\% = \$12$$

As Sam took all of December off, he wouldn't be able to claim a deduction for that month. To calculate his total deduction at the end of the year he uses the formula:

$$\text{Monthly amount to be claimed} \times \text{Number of months} = \text{Total claim amount}$$

$$\$12 \times 11 = \$132$$

## Bundled plans

Internet, home phone and other related services are often bundled together in a plan – for example, pay television or streaming services. If 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 of your household also use the services, you need to take into account their use in your calculation.

If you have a bundled plan, before calculating your work-related use of each service, you need to identify the cost of each service covered by the plan. Bundled services can be apportioned based on:

- a supplier's breakdown of relative costs of the bundled services
- the relative costs of the bundled services as if they were purchased separately from the same supplier
- information from a comparable supplier.

Once you have identified the cost of each separate service in a bundled plan, you need to identify your work use for each service over a continuous 4-week period during the income year. This will allow you to work out your pattern of work use, that you can then apply to the full income year.

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### Example: apportioning bundled services

Sujita has a \$100 per month home phone and internet bundle.

The bill shows that the monthly cost of Sujita's phone service in her bundle is \$40, and her internet service is \$60.

Sujita brings in her pay television 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 one month of leave.

Based on her itemised accounts, Sujita works out that the work-related use of her internet is 20%. Sujita also uses her home phone for work purposes and works out that 10% of her use is for work. Sujita does not use her pay television for work purposes.

As the components are part of a bundle, Sujita calculates her work-related use as follows:

### **Step 1: work out the value of each bundled component**

- Pay television – Sujita does not need to determine the pay television costs as she does not use this service for work purposes.
- Internet \$60 per month
- Home phone \$40 per month

### **Step 2: apportion work-related use**

- Internet use: 20% work-related use  $\times$  \$60 per month  $\times$  11 months = \$132
- Home phone use: 10% work-related use  $\times$  \$40 per month  $\times$  11 months = \$44

### **Step 3: add all amounts**

- \$132 home phone use + \$44 home internet use = \$176

Sujita claims a deduction of \$176 in her tax return.

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### **Example: 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 phone calls he makes over a continuous 4-week period, Des works out that 25% of his phone calls are for work purposes.

Des also keeps a record for 4 weeks of the data downloaded. He works out that 30% of the total amount used was for work.

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

As there is no clear breakdown of the cost of each service (phone calls and downloads), it is reasonable for Des to allocate 50% of the total monthly cost to each service.

### **Step 1: work out the value of each bundled component**

- Internet: \$45 per month ( $\$90 \div 2$  services)
- Home phone: \$45 per month ( $\$90 \div 2$  services)

### **Step 2: apportion work-related use**

- Internet: 30% work-related use  $\times$  \$45 per month  $\times$  11 months = \$149
- Home phone: 25% work related use  $\times$  \$45 per month  $\times$  11 months = \$124

### **Step 3: add all amounts**

- \$149 internet use + \$124 home phone use = \$273

In his tax return, Des claims a deduction of \$273 for the year.

## Keeping records for home phone and internet services

You must keep records to support your claim for work use of home phone and internet.

Records you need to keep may include:

- diary entries, including electronic diary records showing your work use
- bills for internet services
- bills for home phone services
- bills for bundled plans.

If you're claiming incidental use (\$50 or less), you will need basic records to show how you calculated your claim.

For more information on general record keeping requirements and formats, see [records you need to keep \(/individuals/income-deductions-offsets-and-records/records-you-need-to-keep/\)](#).

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