

# Can I claim a tax deduction for my mobile phone?

Are one of the millions using your mobile phone for work calls and not claiming a tax deduction for the costs which you are incurring? If the answer to that is yes, you should be. You could be missing out on hundreds of extra dollars in refunded tax when you complete your return.

So, what are the common reasons for people not to claim a deduction? First of all, there's a simple lack of awareness that you can even claim in the first place. Secondly – and more commonly – there's a failure to keep the right records. As with all tax deductions, being able to support your deduction claim with records is vital.

## THE BASIC RULES

If you use your own phone for work purposes, you can claim a deduction if you paid for these costs and have records to support your claims.

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

You can't double-dip and claim for phone expenses that have been reimbursed by your employer.

## HOW DO I SUBSTANTIATE MY CLAIM?

The good news is you don't need to go through every phone bill for the whole year, highlighting your work calls!

Instead, you need to choose a typical four-week period from some point in the tax year.

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

You need to calculate 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: Joan has a \$80 per month phone plan which includes unlimited calls and 5GB data. She receives a bill which itemises all of her phone calls.**

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

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 (for example, number of work calls as a proportion of total calls).

Finally, if you purchased your handset outright, you can also claim a deduction for a percentage of the handset cost based on your work-related usage. If the handset costs less than \$300, you can claim an immediate deduction. If the handset costs more than \$300, you can claim a deduction over several years for the decline in value.

**Example: Richard purchases a mobile handset for \$250. He uses the phone 50% for work usage. He can claim a deduction for \$125 in this year's tax return.**

## OCCASIONAL WORK-RELATED USE

If you occasionally use your personal mobile phone for work and the total deduction you are claiming for the year is less than \$50, you can claim the following flat rate amounts:

- \$0.25 for each work call made from your home phone
- \$0.75 for each work call made from your mobile
- \$0.10 for text messages sent from your mobile

## QUESTIONS

If you have any questions about your tax return, please contact us: [admin@runningthenumbers.com.au](mailto:admin@runningthenumbers.com.au)

## BOOK ONLINE

You can send us your information via email, or make an appointment online to either drop your records in or to book an appointment to get your return completed.

[BOOK ONLINE NOW](#) or

Call us for an appointment 0490 096 864.