PS LA 2001/6 - Verification approaches for electronic device usage expenses phone calls and data

This Practice Statement was amended on 16 February 2023 to remove references to home office running expenses, and the fixed-rate method that applied up until 30 June 2022. Please refer to the history of this document for prior versions of this document. For the 2022-23 and later income years, the fixed rate for home office running expenses is available in Practical Compliance Guideline PCG 2023/1 *Claiming a deduction for additional running expenses incurred while working from home - ATO compliance approach*.

This document has changed over time. This version was published on *24 September 2026*

Verification approaches for electronic device usage expenses – phone calls and data

This Practice Statement sets out principles to apply when examining taxpayer claims for deductions for home office running expenses and electronic device usage expenses, namely phone calls and data.

Relying on this Practice Statement

This Practice Statement is an internal instruction to ATO staff, published externally in the interest of open tax administration.

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What this Practice Statement is about

1. When you are reviewing claims for electronic device expenses, you need to establish that expenditure has been incurred and the extent of its deductibility. This Practice Statement concerns acceptable verification approaches for electronic device usage expenses – phone calls and internet (data) expenses **but not** deductions for the decline in value of electronic devices. These should be calculated and claimed in accordance with Division 40 of the *Income Tax Assessment Act 1997* and the annual Guide to depreciating assets.

Note: This Practice Statement does not cover the standard deduction or how making a claim for electronic device usage expenses impacts the standard deduction.

Basic principles

2. Prerequisites for deductions include that:

- the taxpayer has actually incurred the expenses and has not been reimbursed (see paragraphs 5 to 7 of this Practice Statement), and
- there must be a real connection between the use of the device and the taxpayer's income-producing work.

3. As phone and internet expenses may be work expenses, written evidence to substantiate them is also required to claim a deduction for them.

4. If the taxpayer uses their device for work purposes and private purposes, only the expense related to the work usage can be claimed as a deduction (see paragraphs 8 to 10 of this Practice Statement).

Evidencing incurred expenditure

5. Invoices in the name of the service recipient represent evidence that an expense has been incurred. An expense in the name of one person can be apportioned to others where the circumstances are relevant. For example, this can include family circumstances such as a husband and wife, or where 2 unrelated parties share accommodation and both contribute to the cost of expenses jointly.

6. Where invoices are not available, corroborating evidence may be accepted to demonstrate the expense has been incurred.

7. The level of evidence required to establish that an expense has been incurred is less than that required to substantiate the expense. This means bank and credit card statements may be acceptable to establish that a taxpayer has incurred an expense. For example, a bank statement in the taxpayer's name clearly showing a payment to an internet provider will be acceptable evidence to establish that an internet expense has been incurred.

Extent of deductibility

8. Evidence is required to demonstrate how the taxpayer has calculated their deduction based on a proportion of the total expense incurred. In apportioning the expense, taxpayers need to factor in the extent to which:

- the device usage expense was incurred by the taxpayer for income-producing purposes or if the taxpayer also incurred the device usage expense for private purposes, and
- any other members of the household used the service or device for any purpose (including automated functions, such as application updates on devices and streaming of TV and movies).

9. Taxpayers can prove their deductible (work) use proportion by providing:

- evidence for the whole year, such as 'itemised' supplier records which have the taxpayer's work-use proportion for the applicable period marked on each record as evidence of their annual claim for deduction
- records showing their detailed usage pattern over a representative period (if they have one) – for example, a 'diary' record[1] of use over a representative 4-week period can be accepted, or
- a reasonable estimate of their work use. This will only be accepted in limited cases where the claim for the income year is small and the taxpayer can demonstrate to your satisfaction that their estimate was reasonably likely under their given circumstances.

10. A taxpayer can only use a representative period if they have one. This means that their work-use proportion is constant throughout the year. When using a representative 4-week period, a taxpayer multiplies the result over the amount of their working year. For example, if a taxpayer worked all year and there are 13 lots of 4-week periods in the year,

[1] A 'diary' in this context is a record prepared by the taxpayer during the period of use and acknowledged as such by the taxpayer.

they would keep records for one 4-week period and multiply the result by 13 to get the annual amount. However, if the taxpayer took a holiday during the year and there are only 10 lots of 4-week periods for which they worked, they would only multiply the result by 10 to get the annual amount.

Methods for calculating actual device usage expenses

11. Taxpayers who are claiming their actual device usage expenses (either for the year or a representative 4-week period, as set out in paragraphs 5 to 10 of this Practice Statement) can apply the following to assist with their calculation:

(a) For deductions for home telephone expenses, this formula is an acceptable way to calculate the work-related proportion

work-related calls (incoming and outgoing) ÷ total calls (incoming and outgoing)

(b) For mobile phone expenses, in determining a work-related proportion, the relevant type of use can be significant and these factors can be considered

(i) number of work calls compared to private calls – using the formula set out in paragraph 11(a) of this Practice Statement for home telephone expenses

(ii) time used for work calls compared to private calls – if the mobile phone is used mainly for phone calls, this and the factor in subparagraph 11(b)(i) of this Practice Statement will be the most appropriate measure of use

(iii) time used in different functions for work-related purposes compared to private purposes – for example, some taxpayers may use the camera and gaming applications exclusively for private use, whereas other taxpayers may require the camera and many applications for work purposes

(iv) time spent using the mobile phone for work-related and private purposes each day

(v) any employer requirements or restrictions for work use of the mobile phone for work purposes, and

(vi) work-related and private-use proportions of data usage (see paragraphs 12 to 19 of this Practice Statement).

(c) For device data-usage expenses, either

(i) the time spent by the taxpayer using the internet for work purposes compared to time spent by the taxpayer and all others using the internet (time basis), or

(ii) the data used for work purposes compared to the data used for all purposes for the taxpayer and all other users (data basis).

Example 1 – internet expenses – sole user – time basis

12. *Ben is an employee IT technician who generally works from home 3 days per week (8 hours per day). In order for Ben to log on to his employer's network, he is required to use his personal home internet connection. This expense costs Ben $60 per month and is not reimbursed by Ben's employer.*

13. *Ben decides to calculate his internet expenses incurred using the time-basis method.*

14. *Ben determines his time using the internet for work over a representative 4-week period as 96 hours (24 hours per week). However, to determine his time using the internet for non-work purposes, Ben considers all of the private devices that use the internet connection. This includes his:*

- *gaming console for online gaming*
- *smart TV for streaming television and movies, and*
- *mobile phone to browse the internet.*

15. *Ben estimates that he is directly or indirectly (for example, automatic updating) using the internet connection in relation to these devices for 4 hours per weekday and 16 hours on the weekend. This equates to 144 hours over a representative 4-week period. Based on this analysis, Ben is using the internet for a total of 240 hours in a 4-week period, of which 96 hours (or 40%) is work-related. Ben takes 4 weeks of annual leave during the income year.*

Table 1: Ben's deduction calculation for Example 1

Item	Calculation	Deduction amount
Internet expenses	40% of monthly expenses ($60) for 11 months (taking into account Ben's 4 weeks' annual leave).	$264.00

Example 2 – internet expenses – apportion for other users

16. *Following on from Example 1 of this Practice Statement, assume Ben's wife also uses the internet connection for a similar period of time – that is, 144 hours over a representative 4-week period. In this situation, the internet connection is used for a total of 384 hours in a 4-week period, of which 96 hours (or 25%) is Ben's work-related portion.*

Table 2: Ben's deduction calculation for Example 2

Item	Calculation	Deduction amount
Internet expenses	25% of monthly expenses ($60) for 11 months (taking into account Ben's 4 weeks' annual leave).	$165.00

Apportioning bundled expenses

17. Telephony, internet and related services products are often combined into one product, being 'bundled' in various ways. Taxpayers may use such components in different ways – for example, private use for one component but work-related use for another.

18. Accordingly, the cost of bundled services may need to be apportioned discretely. Cost components can include elements such as internet or voice service, device purchase cost or other periodic or specific services or purchases. In order to appropriately match work-related use to particular costs, an apportionment of the cost of any bundled components can be separated as an apportionment based on:

- a supplier's breakdown of the relative costs of the bundled components

- the relative costs of the bundled components as if they were purchased separately from the same supplier, or
- information obtained from a comparable supplier (if no information on the supplier's breakdown of costs or unbundled costs is available).

Example 3 – bundled expenses

19. *An internet service provider offers an internet and home phone service for $100 per month. If these services were provided separately (unbundled) by the same service provider, they would cost $80 and $40 respectively, being a total cost of $120 per month. The discount applying to the bundle is therefore 16% ($20 ÷ $120). It is reasonable to apply the bundle discount to each unbundled component cost. Therefore, if the unbundled phone service would cost $40 per month, the bundled phone service can be assumed to cost $40 − ($40 × 16%) = $33.60. The bundled internet service would be assumed to cost $80 − ($80 × 16%) = $67.20. If the taxpayer uses the internet privately and uses the phone service 50% for work-related purposes, then $16.80 per month ($0 internet and 50% of $33.60) is deductible.*

More information

20. For more information on the deductions allowed for working from home and home office expenses, including when an area of the home is considered to be a private study or place of business, see:

- Taxation Ruling TR 93/30 *Income tax: deductions for home office expenses*
- Tools, computers and items you use for work
- Practical Compliance Guideline PCG 2023/1 *Claiming a deduction for additional running expenses incurred while working from home – ATO compliance approach*.

Date issued: 14 February 2001

Date of effect: 1 July 2004

Amendment history

24 September 2026

Part	Comment
Basic principles	Updated to provide clarity in relation to phone and internet expenses being work expenses which must be substantiated with written evidence.
Special rules for device usage expenses	Heading updated to ‘Methods for calculating actual device usage expenses’. Removed ‘the method for claiming incidental phone and internet usage expenses (up to $50 total) with limited documentation’. The introduction of the standard deduction in section 25-130 of the *Income Tax Assessment Act 1997* makes this unnecessary.
Throughout	Updated to provide clarity.
Throughout	Updated to align with amended Practice Statement style and formatting requirements.

16 February 2023

Part	Comment
Title	Removed home office running expenses. Updated to provide clarity relation to claims for deductions for electronic device usage, namely phone calls and data.
Section 5 Special rules for home office running expenses	Omitted, with effect from 1 July 2022. Future rates now included in Practical Compliance Guideline PCG 2023/1 *Claiming a deduction for additional running expenses incurred while working from home – ATO compliance approach*.
Throughout	References to home office running expenses removed.

16 January 2019

Part	Comment
All	Updated to provide clarity. Updated the home office running expenses hourly rate.

28 November 2017

Part	Comment
Contact details	Updated.

13 August 2015

Part	Comment
Significant Rewrite	Updated to include contemporary electronic device issues.
All	Updated to new LAPS format and style.

17 December 2014

Part	Comment
Paragraph 2, 12 and 16	Hourly rate for home office expenses updated from 34c to 45c per hour, effective 1 July 2014.
Paragraph 8	Clarified wording.
Contact details	Updated.

16 May 2014

Part	Comment
Paragraphs 8 and 13	Paragraphs updated for clarification regarding apportionment.
Paragraph 14	Deleted heading.

18 April 2013

Part	Comment
Paragraph 8	Deleted reference to TaxPack.

28 April 2011

Part	Comment
Paragraphs 2, 11 and 14; Examples 1 and 2 and Option 2	Hourly rate for home office expenses updated from 26c to 34c per hour, effective 1 July 2010.
Contact details	Updated.

18 September 2009

Part	Comment
Contact details	Updated.

16 September 2008

Part	Comment
Amendment history	Updated.

11 May 2005

Part	Comment
Various	Hourly rate for home office expenses updated from 20c to 26c per hour, effective 1 July 2004.
Contact details	Updated.

1 June 2004

Part	Comment
Various	Change ‘depreciation’ to ‘decline in value’. Update legislative references.
Contact details	Updated.

References

Previous draft:
Not previously issued as a draft

Related rulings and determinations:
TR 93/30

Legislative references:
- ITAA 1997 Div 40

Other references:
Guide to depreciating assets
PCG 2023/1
Tools, computers and items you use for work

ATO references

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