

Deductible Telephone Expenses

By [Gina L. Gwozdz, CPA](#)

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Reg from Bourbriac, France writes:

After many decades as a salaried wage slave, I am a freelance journalist again. The trade that paid my way through college. Although I am in France, I must (also) report my income to the U.S. IRS in pretty much the same way as anyone in the same line of work would in the US. On schedule C to Form 1040. So, the answer (if there is one) may be of interest to freelancers in the US. The question:

How do I go about correctly assigning telephone and internet charges to the business? (And differentiate them from personal use?) I have a digital line which is the French version of the old ISDN line. It gives me two analogue voice lines and a digital data line that I use to connect to the internet. I pay a monthly fee to an Internet Service Provider (ISP). I also have one mobile phone (cell phone to those in North America). I think business use accounts for about 60% to 80% of my usage of these communications services. What am I required to do to get the numbers right on Schedule C? What records must I keep to make the IRS happy with what I have done? Reg

My response:

Reg,

Thank you for visiting my blog. I am glad you decided to cut your ties with the corporate world and venture out on your own.

You have an excellent question!

If you are working out of your home, and as a freelance journalist I will assume you are, then the IRS does NOT allow you to deduct the FIRST line (telephone) into your home as a business expense. So, if you are working out of your home and only have one line in, then it is all personal no matter how much time you spend using it for businesses purposes. You said that you have 2 analog voice lines and one digital line used for the Internet. I am not familiar with how these items are installed or billed in France, but if one of the two analog voice lines is a business line and itemized that way on your bill, then you should be able to deduct the full cost of that line. The other analog voice line and the single digital line would be considered personal and therefore not deductible.

As for your mobile (cell) phone, that is considered listed property and as such you would have to keep a log of your business calls and then you are able to deduct the business portion of the use of that phone. A log of your business calls would include the date and time of the call, the length of the call, the person you spoke with and the business purpose of the call.

Gina L. Gwozdz is a CPA who has chosen to specialize in taxes. Visit her website at <http://GLGcpa.com> to view more Tax Tip Articles.