



AUTO ATTENDANT / RESEARCH & PRACTICAL GUIDANCE

Is a Business Phone Bill Tax-Deductible? CRA and IRS Rules

Get a business phone number with a simple auto attendant menu from Auto Attendant. A caller picks who they need and the call rings that person's own mobile, so nobody on your team has to publish a personal number.

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The short answer

In both Canada and the United States, the **business share** of your phone costs is generally deductible if you are self-employed or run an unincorporated business, and a line used **only** for business is deductible in full. The common exception is the same in both countries: the basic monthly charge for the **first landline in your home** is treated as personal, even if you take business calls on it.

	Canada (CRA, self-employed, Form T2125)	United States (IRS, sole proprietor, Schedule C)
Basic rate of your home phone	Not deductible	Base rate of the first line into your home not deductible
Business long-distance on the home phone	Deductible	Deductible (costs above the base rate)
Separate line used only for business	Basic monthly rate deductible	Second line: business percentage deductible, including base rate
Cell phone	Business percentage of airtime deductible	Business percentage deductible; cell phones are no longer "listed property"
Where it goes	Line 9220, Utilities	Line 25, Utilities

Sources: [CRA, Line 9220](#); [IRS, Instructions for Schedule C \(2025\)](#); [IRS Notice 2011-72](#).

This article is educational information on the rules as published by the CRA and IRS as of October 2026. It is not tax advice. Your situation (incorporated or not, GST/HST or sales tax registration, employee or owner) changes the answer, so confirm with an accountant or CPA before you file.

Canada: what the CRA lets a self-employed person claim

The CRA's guidance for line 9220 of Form T2125 is short and specific ([CRA, Line 9220, page dated 2026-08-31](#)):

- You can deduct telephone and utility expenses "if you incurred the expenses to earn income."
- "Do not deduct the basic monthly rate of your home telephone. However, you can deduct any long distance telephone calls you made on your home telephone for your business."
- "If you have a separate telephone for business calls only, you can deduct its basic monthly rate."
- "You can also deduct the percentage of airtime expenses for a cellphone you use to earn your business income."
- Utilities related to a **workspace in your home** are claimed as business-use-of-home expenses instead of on line 9220.

That last point matters because business-use-of-home expenses have their own conditions. The workspace must be your principal place of business, or used only for the business and on a regular basis to meet clients. The claim cannot create or increase a business loss; any excess carries forward ([CRA, Business-use-of-home expenses](#)). A business line or cell plan is a telephone expense on line 9220; heat and electricity for the home office go through the home-office calculation.

GST/HST on your phone bill

If you are a GST/HST registrant, you can usually recover the GST/HST on business phone costs as an input tax credit (ITC). The CRA allows ITCs "only to the extent that your purchases and expenses are for consumption, use, or supply in your commercial activities," and the expense must be reasonable in nature and cost for your business. If you use the quick method of accounting, you cannot claim ITCs on operating expenses such as a phone bill ([CRA, Input tax credits](#)). So a cell plan that is 60% business supports an ITC on 60% of its GST/HST, and the income tax deduction is the net amount before tax, not the tax you recover.

United States: what the IRS lets a sole proprietor claim

The 2025 Schedule C instructions (still the current edition in October 2026) say, under line 25 (Utilities): "If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct any additional costs you incurred for business that are more than the base rate of the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges" ([IRS, Instructions for Schedule C](#)).

Publication 587 on home offices says the same and adds where it goes: business long-distance calls on the first line and "the cost of a second line into your home used exclusively for business" are deductible, but you do not include them in the home-office calculation; you deduct them separately on the appropriate schedule ([IRS, Pub. 587 \(2025\)](#)).

Cell phones are no longer "listed property"

Until 2009, cell phones were "listed property", which meant strict record-keeping rules before any deduction. Section 2043 of the Small Business Jobs Act of 2010 "removed cell phones from the definition of listed property for taxable years beginning after December 31, 2009" ([IRS Notice 2011-72](#)). You still need to show the business purpose and the business share, but the special substantiation rules for listed property no longer apply to cell phones.

Calls while commuting do not create a deduction

Making business calls during your commute does not turn the commute into business travel. The IRS gives exactly this example: you "sometimes use your cell phone to make business calls while commuting to and from work," and "these activities don't change the trip from personal to business" ([IRS, Pub. 463 \(2025\)](#)). The phone's business share may be deductible; the commute is not.

Employees and employer-paid phones

The rules change when you are an employee rather than the business owner.

Canada

Employer-provided phones and plans. The CRA's employer guide (T4130) says ([CRA, T4130](#)):

- A phone the employer **owns** and gives an employee to do the job is not a taxable benefit.

- Reimbursing the employee for **their own device** is a taxable benefit equal to the device's fair market value.
- Paying for or reimbursing a **service plan** used for work is not a taxable benefit for the employment-use portion; personal use is a taxable benefit at fair market value, minus anything the employee pays back.
- For cell service only, personal use is not a taxable benefit if the plan's cost is reasonable, it is a basic plan with a fixed cost, and personal use does not push charges above the basic plan cost.
- A flat **allowance** for cell or internet service must be included in the employee's income.

Employees paying their own plan. A salaried employee may be able to deduct a portion of a basic cell plan on Form T777 (line 22900) if the plan's cost is reasonable, the employee can prove the minutes or data were used directly in their duties, and the cost is split between employment and personal use on a reasonable basis. The cost of buying the phone is not deductible, nor is a basic landline rate ([CRA, T4044 Employment Expenses 2025](#)). Employment-expense claims of this kind generally depend on the employer completing Form T2200; check the T4044 conditions for your expense.

United States

Employer-provided phones. When an employer gives an employee a cell phone primarily for noncompensatory business reasons, the IRS treats the employee's business use as an excludable working condition fringe benefit, and personal use as a de minimis fringe. Phones given to boost morale, attract recruits or as extra pay do not qualify ([IRS Notice 2011-72](#)).

Employees paying their own phone. Most employees cannot deduct unreimbursed employee expenses. Publication 463 explains that miscellaneous itemized deductions subject to the 2% floor are suspended for tax years beginning after 2017, and that Form 2106 is only used by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials and employees with impairment-related work expenses ([IRS, Pub. 463](#)). The suspension no longer has an end date: Public Law 119-21 (July 4, 2025) removed the original 2025 cutoff, so it applies to 2026 and later years too ([26 U.S.C. 67](#)). For everyone else, the practical route is an employer reimbursement.

Working out the business percentage

Neither agency prescribes a formula for a mixed-use phone; both expect a reasonable basis you can explain. Common approaches:

1. **Dedicated line or device.** If a number or phone is used only for business, the business share is 100% and no split is needed. This is the simplest position to defend.
2. **Sample period.** Review a representative month or two of itemized bills, count business calls (or minutes) against the total, and apply that share to the year. Repeat if your work pattern changes.
3. **Time-based estimate for unlimited plans.** Many plans no longer itemize charges. Keep a short log of business use for a sample period and note how you reached the percentage.

Worked example (illustrative numbers)

Item	Monthly	Business share	Annual business amount
Mobile plan, mixed use	\$80	60% (from a two-month log)	\$576
Dedicated business number (used only for business)	\$29	100%	\$348
First home landline, basic rate	\$35	0% (excluded by both CRA and IRS)	\$0
Business long-distance on home line	\$6	100%	\$72
Total			\$996

Prices here are illustrative, not quotes. If you are a GST/HST registrant, the deduction uses the pre-tax amounts and the GST/HST on the business share is claimed as an ITC instead.

Records to keep

- [] Monthly bills or invoices for every line and device, kept with your tax records.
- [] A one-page note explaining how you calculated each business percentage, with the sample log behind it.
- [] For a dedicated business line: the account in the business name where possible, and a note that it is used only for business.
- [] Purchase receipts for phones and headsets (the purchase is usually treated differently from the monthly service; ask your accountant how to claim equipment).
- [] Canada, employees: a signed Form T2200 where required, and a copy of the employer's phone policy.
- [] US, employers: a written policy stating the business reasons phones are provided, as Notice 2011-72 frames the test around substantial noncompensatory business reasons.
- [] GST/HST registrants: invoices showing the supplier's GST/HST registration number to support ITC claims.

Where a separate business number fits

A dedicated business number is the cleanest case in both systems: the CRA lets you deduct the basic monthly rate of "a separate telephone for business calls only," and the IRS lets you deduct a second line's charges in full when it is used only for business. It also removes the need to estimate a percentage for that line. Moving a number off a personal cell plan has trade-offs beyond tax; our guide on whether to [keep, port or replace a personal cell number used for business](#) covers them, and [business calls on personal mobiles](#) covers reimbursement agreements with staff.

When to ask an accountant

- You are incorporated (a Canadian corporation or a US corporation or multi-member LLC): the company deducts its own expenses and different rules apply to what it pays for owners.
- You bought phones, a phone system or other equipment: capital cost allowance (Canada) or depreciation and expensing elections (US) apply instead of a straight deduction.
- You are registered for GST/HST, QST or a US state sales tax and want to recover tax on phone costs.
- Your phone use is part of a home office claim.
- You reimburse staff for phones or pay a flat allowance.

FAQ

Can I deduct my whole cell phone bill? Only if the phone is used only for business. Otherwise both the CRA and IRS allow the business percentage ([CRA](#), [IRS](#)).

Can I deduct my home phone if I work from home? Not the basic rate of the first line in either country. Business long-distance calls on it, and a second line used only for business, are deductible ([IRS](#), [Pub. 587](#)).

Can I deduct the phone itself? The device is equipment rather than a monthly expense, and its treatment depends on your situation. Canadian employees cannot deduct the cost of buying a phone ([CRA](#), [T4044](#)); for a business, ask your accountant how to claim it.

My employer pays my cell plan. Is that income? In Canada, the work-use portion is not a taxable benefit, and personal use on a reasonable, fixed-cost basic plan may not be either; a flat allowance is income ([CRA](#), [T4130](#)). In the US, business use of an employer-provided phone given for noncompensatory business reasons is excludable ([IRS Notice 2011-72](#)).

Is this tax advice? No. It is a plain-language summary of published CRA and IRS guidance as of October 2026. Ask a CPA or accountant before you file.

Auto Attendant is a dedicated business number with a keypad menu at \$29 USD per line per month, tax exclusive.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/completing-form-t2125/line-9220-telephone-utilities.html>
2. <https://www.irs.gov/instructions/i1040sc>
3. <https://www.irs.gov/pub/irs-drop/n-11-72.pdf>
4. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/completing-form-t2125/business-use-home-expenses.html>
5. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/complete-file-input-tax-credit.html>
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9. <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4044/employment-expenses.html>
10. <https://www.law.cornell.edu/uscode/text/26/67>

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About Auto Attendant

Auto Attendant gives a small business one phone number and a recorded menu that sends each caller to the right person. The call rings the mobile that person already carries, using their normal dialler and their normal mobile plan. Pricing is a single flat monthly fee for the whole company rather than a charge for each user, and there is no app, desk phone or hardware to install.

One number, one menu, the phones you already own

A caller dials the business number, hears a short greeting and chooses an option. Each option can ring one mobile, ring several at once so whoever is free answers first, or try people one after another in a set order. There is no limit on how many people sit on the receiving end, because nobody is billed per seat. Setup is done by the owner in a few minutes: pick a number, write the greeting, and point each option at a mobile.

What it deliberately is not

An auto attendant routes a call; it does not answer one. Nobody at Auto Attendant speaks to callers, and no AI stands in for a receptionist. A business that wants its calls handled, messages taken and appointments booked wants an answering service, which is a different product at a different price. A business that needs call recording, queues, agent dashboards or CRM integration wants a contact centre platform. Auto Attendant is for the case where the call should simply reach the right pocket.

Keeping personal numbers off the internet

The business number is the only number a caller ever sees. Personal mobile numbers are never displayed and never given out, which is what lets an owner put a number on a website, an invoice, a van or a Google Business Profile without handing a personal line to everyone who finds it. An existing advertised number can be ported across and kept, and the old line keeps working while the port is in progress.

Work with Auto Attendant

Visit [Auto Attendant](#) to see [how it works](#), [how it compares](#) to a personal mobile, Google Voice and a full phone platform, and the current [pricing](#).

Telephone number portability, emergency calling and caller-ID rules differ by country and change over time. Articles published here describe general practice and cite primary regulator and carrier sources; they are not a guarantee of any timeline, and they are not legal or regulatory advice for a specific business.

Website: <https://autoattendant.io>

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