

**Western Oregon University**  
**Wireless Communication Allowance Agreement**

*(complete and forward to Human Resources)*

Employee Name: \_\_\_\_\_

Date: \_\_\_\_\_

Employee ID#: \_\_\_\_\_

| Service                          | Base Monthly Plan Amount | Monthly Allowance                  | Reimbursable Amount<br><small>Note: This is taxable income.</small> |
|----------------------------------|--------------------------|------------------------------------|---|
| Basic Monthly Cell phone Service |                          | 50% of actual to a maximum of \$45 | \$  |
| Monthly Data/Email Service       |                          | 50% of actual to a maximum of \$25 | \$  |

| Equipment (once every 24 months):     | One Time Allowance                  |    |
|---------------------------------------|-------------------------------------|----|
| Phone & Accessories only              | 50% of actual to maximum of \$50    | \$ |
| Phone/Email/Data Device & Accessories | 50% of actual to a maximum of \$150 | \$ |

Specific Justification for business use of each device listed above:

Department: \_\_\_\_\_

Dept Contact: \_\_\_\_\_

Phone # : \_\_\_\_\_

Account Index: \_\_\_\_\_

**Approval:**

As the supervisor, I verify that the employee listed above is required, due to legitimate business need, to maintain wireless communication to conduct official business for Western Oregon University. I hereby authorize the employee listed above to use his/her personal wireless communication devices for conducting official University business. The department will pay the employee a Wireless Communication Allowance for using his/her personal wireless communication in accordance with the "**Cellular Telephone Acquisition and Use Policy.**"

Employee Signature \_\_\_\_\_ Date \_\_\_\_\_

Supervisor Signature \_\_\_\_\_ Date \_\_\_\_\_

Authorizer Signature \_\_\_\_\_ Date \_\_\_\_\_

Please attach a copy of the first page of your wireless communication bill containing your monthly plan and service cost. Both the employee and the department should retain a copy.

Payroll use only

|                               |                    |   |
|-------------------------------|--------------------|---|
| One-time equipment Allowance: | Monthly Allowance: | Effective date:<br>Input by:<br>Date Input: |
|-------------------------------|--------------------|---|

Copies: Budget/Payroll, Telecommunications

## Cellular Telephone Acquisition and Use

### APPLICABILITY/ACCOUNTABILITY:

This policy applies to all university employees.

### POLICY STATEMENT:

Effective September 15, 2011, all cellular telephone users must comply with this policy.

The Internal Revenue Service considers cell phones to be “Listed Property”, meaning they are easily available for personal use (see Attachment II). The record keeping requirements are both detailed and burdensome, requiring employees to maintain detailed logs regarding each cell phone call or e-mail use, including the amount of the expense, the time and place of each call, and the business purpose for each call. The IRS can declare that all undocumented use of a cell phone is personal and treat the monthly cell phone charges as wages even if the calls were for business purposes.

Consequently, the university will offer the following cellular phone options. The employee may: 1) receive a monthly communication allowance; 2) continue to use a WOU-provided cell phone if that cell phone is used 100% for business with no personal cell phone, email, internet or data use; or 3) be reimbursed for the out-of-pocket costs business calls made on personal equipment.

### DEFINITIONS:

**Cell phone:** Any device that is used to make or receive wireless calls, including any smart-phone device that provides e-mail and Web functions.

**Authorizer:** President, Vice Presidents, Associate Provosts, Deans, or their designees.

### PROCEDURES:

#### **MONTHLY COMMUNICATION ALLOWANCE**

The university will provide authorized employees with an allowance for the acquisition of a cell phone and payment of monthly service charges. This allowance will be provided as taxable income to the employee.

The authorizer may, at his or her sole discretion, authorize the payment of a taxable allowance to an employee if the employee’s job duties necessitate the use of a cell phone for university business. Each employee who will receive an allowance for the purchase of a cell phone or monthly service charges must complete a *Cell Phone Allowance Request Form* every two-years (minimally) or when changes occur in the current cell phone contract. The form must be approved by the authorizer and forwarded to the Human Resources for processing. The authorizing department must maintain a copy as documentation for audit purposes.

#### **Transitioning from university-owned phones**

To allow for a transition to personal ownership of cell phones consistent with contracts already in place, university-owned cell phone contracts shall be transferred to personal accounts within six months from the effective date of this policy unless cancellation will result in a cancellation fee. In that event, the account shall be transferred immediately following the expiration of the cancellation provision. For those who continue to use university-owned cell phones during this time, payment may be made as it is currently being made, subject to IRS documentation requirements for all business calls and reimbursement to the university of cell phone costs incurred through personal use.

## Allowances

It is the intent of this policy to provide fair allowances to employees for the business use of their cell phones while maintaining proper budget control. Unless the employee can demonstrate no personal use, the allowance should not cover the total cost of the equipment or service plan. Allowances will be provided in one or both of the following forms at the discretion of the authorizer.

**1. Cell phone equipment purchase allowance.** This allowance provides a periodic monetary payment toward the employee's personal acquisition of a cell phone and payment of initial activation fees. A cell phone equipment allowance is allowed only once every twenty-four months. The appropriate allowance should be determined and documented by the authorizer. The equipment allowance may not exceed the lesser of:

- \$50 or 50% of the cost of a new cellular phone, or
- \$150 or 50% of the cost of a device that provides remote email service for those employees requiring such access.

**2. Monthly cell phone service plan allowance.** This allowance provides a monthly payment toward the cost of maintaining cell phone service for business purposes. The monthly supplement authorized by this policy may not exceed \$70. The supplement is provided to the employee for as long as the authorizer determines that the employee qualifies for it. The appropriate allowance must be determined and documented by the authorizer as follows – not to exceed the lesser of:

- \$45 or 50% of the monthly cellular calling plan cost, and
- \$25 or 50% of the monthly email/data service plan cost (for those employees requiring email service).

## Ownership of cell phones

A cell phone acquired according to the provisions of this policy is considered to be the personal property of the employee, and any service contract entered into by the employee is personal to the employee. The university will have no obligation, make no guarantees with respect to such contracts, and will not be held liable for misuse or abuse of any type. However, if the cell phone provider will provide discounted or state rates, the university will provide a letter to the cell phone provider that the cell phone is to be used for the conduct of university business.

For employees receiving a communications allowance, the authorizer is responsible for:

- determining whether the employee's position requires a cell phone based upon his or her job responsibilities and maintaining appropriate documentation to support this in the departmental files
- ensuring that employees are familiar with the requirements of this *Cellular Telephone Acquisition and Use* policy
- ensuring that documentation supporting how the allowance was determined is maintained in the departmental files
- ensure the allowance is submitted for processing
- ensuring that the appropriate contractor or grantor has specifically authorized the expenditure and has approved payment if a contract or grant account is charged for cell phone charges

Employees are responsible for:

- providing the authorizer with requested information or documentation to support the expected business use and the amount of the allowance; this documentation may include, if requested, copies of previous cell phone bills
- notifying his or her authorizer when there has been a significant change in the need for the business use of a cell phone allowance
- paying all amounts due as agreed between the employee and the cell phone service provider

- income taxes due on allowances provided by the university
- providing the university with the current access number or address of the cell phone within five working days of activation
- notifying the authorizer within five working days of inactivation of the device; an employee is prohibited from continuing to collect a cell phone service plan allowance when the device is no longer active or needed for the performance of the employee's job responsibilities

### **WOU-PROVIDED CELLULAR PHONES/DEVICES AND SERVICE**

Any cellular phone or other mobile communication device distributed and maintained by WOU Telecommunications requires an authorizer's approval that verifies the need for remote communications access. Employees will submit a request to Telecommunications by contacting the Telecommunications Office or on their website. University owned equipment and service plans may only be used to conduct university business. No **personal** calls, email, internet, or data usage is permitted on university owned cellular devices.

#### *E-mail service for cellular devices*

Those employees requiring email and calendar access on their cellular devices should contact the Telecommunications desk in University Computing Services. The approval must include your name, start and end dates.

#### *Monthly Statement Review and Responsibility*

A monthly statement is sent to the department to show the subscriber activity summary that includes the date/time of use, amount of each call, and the phone numbers called. The statement must be reviewed monthly to confirm business use, per IRS requirements for substantiation. These phones/devices are not to be used for personal calls except as determined by the department for emergencies. If a personal call is mistakenly made on WOU-provided cell phone, it must be reimbursed to the university and the employee reminded of the policy.

#### *Shared Cell Phones and/or Devices*

Departments/units may have a need for a cell phone to be shared among several employees. These devices are owned by the department/unit and the same restrictions apply as individually assigned phones and/or devices.

#### CONTACT:

Office of Human Resources

Reference: IRC 274(d); IRC 280F (d)(4); OMB A-21 D1; OMB A-21 F6b(3); IMD 4.021; ORS 244.040(1)(a); ORS 351.070(3)(a)

#### RELATED INFORMATION:

**[Cell Phone Allowance Form \(Available at www.wou.edu/hr\)](http://www.wou.edu/hr)**

INITIATING AUTHORITY: Executive Vice President for Administration and Finance

RESPONSIBLE AUTHORITY: Director of Human Resources



<http://www.irs.gov/govt/fslg/article/0,,id=167154,00.html>

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## **Employee Cell Phones**

Government employers frequently provide their employees with cellular telephones and pagers to employees to conduct business. This can raise special tax concerns, due to the fact that these items are listed property under the Internal Revenue Code, and because employees may use them for business as well as personal use.

### **What is Listed Property?**

“Listed property” includes items obtained for use in a business but designated by the Internal Revenue Code as lending themselves easily to personal use. This includes automobiles, computers, and entertainment or recreation-related items. In 1989, cellular telephones were added to this category. Although the use of these phones is much more widespread and economical today, they remain listed property and are subject to these restrictions.

For a for-profit business, the designation of an item as listed property has implications for depreciation deductions taken by the business and the computation of net income. However, this article focuses on the employment tax issues raised for employees of government entities.

### **Substantiation Requirements**

To be able to exclude the use by an employee from taxable income from an employer-owned cell phone, the employer must have some method to require the employee to keep records that distinguish business from personal phone charges. If the telephone is used exclusively for business, all use is excludable from income (as a working condition fringe benefit). The amount that represents personal use is included in the wages of the employee. This includes individual personal calls, as well as a pro rata share of monthly service charges.

In general, this means that unless the employer has a policy requiring employees to keep records, or the employee does not keep records, the value of the use of the phone will be income to the employee.

At a minimum, the employee should keep a record of each call and its business purpose. If calls are itemized on a monthly statement, they should be identifiable as personal or business, and the employee should retain any supporting evidence of the business calls. This information should be submitted to the employer, who must maintain these records to support the exclusion of the phone use from the employee's wages.

The following situations illustrate the application of the rules:

Example 1: A municipal government provides an employee a cell phone for business purposes. The government's written policy prohibits personal use of the phone. The government routinely audits the employee's phone billings to confirm that personal calls were not made. No personal calls were actually made by the employee. The business use of the phone is not taxable to the employee.

Example 2. A municipal government provides an employee a cell phone for business purposes. The government's written policy prohibits personal use of the phone. However, the government does not audit phone use to verify exclusive business use. The fair market value of the phone, plus each monthly service charge and any individual call charges are taxable income to the employee, reportable on Form W-2.

Example 3: A state agency provides an employee with a cell phone and pays the monthly service charge. The employee is required to highlight personal calls on the monthly bill. The employee is then required to timely

reimburse the agency for the cost of the personal calls, and the employee is charged a pro rata share of the monthly charge. The value of the business use portion of the phone is not taxable to the employee.

### **Employee-Owned Telephones**

If the employee owns the phone, the listed property requirements do not apply. Any amounts the employer reimburses the employee for business use of the employee's own phone may be excludable from wages if the employee accounts for the expense under the accountable plan rules. See [Publication 15](#), Employer's Tax Guide (Circular E), for more information about the accountable plan rules.