Purpose

To comply with recent IRS rulings and CSU system-wide mandate, the following guidelines and procedures outline the provision of wireless devices to employees who are required to conduct business while away from the campus and to use a wireless device in performing their assigned duties.

Definitions and Relevant Tax Code

- Tax code defines wireless devices (cell phones, PDAs, Blackberry's) as “listed property.” IRC §280F. The CSU also considers the cost of at home internet use to be included as well.
- The nature of “listed property” lends itself to personal use. Therefore, it is subject to detailed substantiation and recordkeeping requirements. Employers and employees are required to keep records of business and personal use. IRC §274(d)
- Business use is excludable from employee’s compensation as a working condition fringe benefit. However, personal use is compensation to employees. Treas. Reg §1.274-5T(e)(general)

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. Treas. Reg §1.274-5T(general)

Accountable Plans: To be an accountable plan, the employer’s reimbursement or allowance arrangement must include all of the following three rules.

1. The employee’s expenses must have a business connection — that is, the employee must have paid or incurred deductible expenses while performing services as an employee of their employer.
2. The employee must adequately account to their employer for these expenses within a reasonable period of time.
3. The employee must return any excess reimbursement or allowance within a reasonable period of time.

An excess reimbursement or allowance is any amount employees are paid that is more than the business-related expenses that the employee adequately accounted for to their employer. If these three rules are met for accountable plans, the employer should not include any reimbursements in the employee’s income box 1 of the Form W-2. Publication 15, Employer’s Tax Guide (Circular E)

Guidelines and Procedures

Terms for Provision of a Wireless Device

1. The supervisor, with approval of appropriate Vice President, will determine the need for an employee to carry or use a wireless device outside the campus premises in the performance of the employee’s job duties. Examples of wireless devices are cell phones, personal digital assistants and home internet access.
2. The decision regarding which option to use will be determined collaboratively between the employee and his or her administrator. However, if an agreement cannot be reached, the default will be the University-owned device (Option 1) which prohibits personal use.

Options and Procedures

There are two options available for employees who are required to conduct business while away from the campus and to use a wireless device in performing their assigned duties.
Option 1: (Applies to cell & PDF only)

The department will retain the wireless equipment on the premises and it will be made available to employees to be checked out as needed.

**Procedures:**
1. Department will order device.
2. Department-owned wireless device is checked in and out by the employee.
3. Employee name and purpose, device, date issued or returned, are logged by department.
4. Service plan statement is reviewed by department for personal use. Reimbursement for personal use is requested from employee for any such usage.

Options 2: (has two Allowance Options)

- **Base Plan A** – includes cell phone and/or home internet – Allowance shall be **$60/month** (Annual allowance shall be **$795.00** which includes **$75.00** for equipment purchases/upgrades)
- **Base Plan B** – includes Base Plan A plus data/e-mail – Allowance shall be **$120/month** (Annual allowance will be **$1,515.00** which includes **$75.00** for equipment purchases/upgrades)

**Procedures:**
1. Supervisor, with approval of appropriate Vice President, determines the need for wireless device and home internet to be used by employee.
2. Supervisor, with approval of appropriate Vice President, selects Plan A or Plan B and completes the Wireless Device Allowance Form and submits to Payroll (Zip 010).
3. Employee is responsible for purchasing equipment and for choosing/managing service plan.
4. Submission of the Wireless Device Allowance Form to Payroll (Zip 010) is required to discontinue allowance.

**Additional Information**

- Other than the yearly allowance, no further reimbursements will be made. This includes new/upgraded equipment, accessories, plan changes, etc.
- The annual allowance shall be distributed on a pro-rata share (calculated to the nearest pay period) when additions (either new employee or new approved need) are made throughout the year. The Wireless Device Allowance Form shall be completed and submitted to Payroll (zip 010) and the pro-rata share will be distributed to the employee.
- Upon separating from the University, or discontinuation of plan (due to changes in job duties), during the time period for which the annual allowance was received, the employee will return the pro-rata share of the advanced allowance to the University within 30 days of notification or agreed upon repayment timeframe.
- Changes to allowance options (Base Plan A or B) shall be done by January 10th of each year.
- These guidelines will be evaluated annually in November of each year.
- If any language contained in these guidelines or procedures conflicts with the CSUEU/CSU Collective Bargaining Agreement or other MOU’s, language in the latter will control.