

UNIVERSITY OF NEBRASKA - LINCOLN

CELLULAR PHONE USEAGE

FAQ

Why has this policy changed?

The Department of the Treasury, through its Internal Revenue Service, issued new guidelines that clarified the taxability of employer-provided cell phones.

What has changed?

The incidental personal use of employer-provided cell phones is not taxable.

How does this affect the policy?

This eliminates the detailed recordkeeping of individual phone calls that was required to establish taxable and non-taxable use of cell phones and related mobile equipment (e.g., personal digital assistants, smartphones, and portable computers).

What has changed in the policy?

The two options for providing mobile equipment and services remain, namely (1) the taxable stipend for an employee-provided cell phone and (2) the University-provided cell phone. What has changed is that, under option 2, detailed recordkeeping of individual calls is no longer required, and there is no taxable benefit to an employee for incidental personal usage of the cell phone.

So, how do I decide which option I want?

Your supervisor will decide whether you need a cell phone to perform your job duties, which option to select under the policy, and the amount of the stipend if Option 1 is selected. The policy precludes anyone making these decisions for himself/herself. It is important to maintain this independence in the decision making that could benefit an employee financially.

Who is going to pay for these services and equipment?

Your department is responsible for the costs of communication services and equipment incurred for business purposes from its operating budget. No additional departmental funds are provided as a result of this policy implementation.

As a department head, must I have all my employees with cell phones under the same policy option?

No. You will make choices based on the business needs for each employee. You may elect to have some employees provide their own cell phones and calling plans while other employees will be provided University cell phones and calling plans. You may also determine that some employees have no business need for cell phones. You should treat all employees with the same business needs similarly.

As a department head, must I use the same stipend for all my employees who pay for their cell phones and their cell phone plans?

No. You will make choices based on the business needs for each employee. You should treat all employees with the same business needs similarly.

If I am a supervisor, how do I select the correct stipend amount for an employee?

Because the stipend is taxable, the actual amount that an employee receives (after tax) will be less than the selected stipend amount. Departments are encouraged to determine an amount based on job function that is fair to the employee and the department. The stipend amount must be based on the business requirements of the employee's position. The representative rates maintained by Business and Finance are a useful reference for this purpose. If an employee's responsibilities require cell phone equipment and/or a plan outside the parameters of the standards, the department may apply a nonstandard stipend with approval of the department head. This should be rare.

As a supervisor, may I approve of a combination of the two options under this policy? For example, elect Option 1 to provide a stipend to an employee for wireless phone service and buy a cell phone for the same employee under Option 2?

No, not for cell phones. The options are mutually exclusive. If you elect to provide a stipend for an employee, it should be set considering the amount of business usage. Cell phone plans normally provide for significantly discounted, fully functional cell phones with contracts of one or two years. If an employee chooses a more costly phone, that is a personal choice, the cost of which is borne by the employee. If the supervisor elects to have UNL purchase the equipment and directly pay for the service, this can only be done under Option 2.

An exception to this is for PDAs. It is permissible to provide an employee a University-purchased PDA (Option 2) and a stipend for its use (Option 1). This exception was made due to the higher costs of PDAs relative to cell phones.

I need my PDA to be in contact with my office. I think the University should pay for it and for my network access.

Cell phones, PDA, and other equipment should not be selected as an alternative to other means of communication -- e.g., land-lines, pagers, radio phones, fixed equipment/services -- when such alternatives would provide adequate but less costly service to the university. Business need, as determined by your supervisor, will govern whether the University pays for any portion of your PDA under either of the policy's two options.

May I use a cell phone for personal calls when I purchase it with a taxable stipend from the University?

Yes. Because you own the phone, you have unlimited personal use and you do not have to document calls. This eliminates the need to carry one phone for business use and another for personal use.

Even if I do not receive a stipend as a University faculty or staff member, am I eligible for the individual discounts the cellular vendors offer?

Yes.

What happens after my supervisor sends my stipend form (PAF) into the Payroll Office?

Payroll reviews the request and establishes your monthly stipend payment.

When and how should I expect to see my stipend?

Your stipend will be reflected in your paycheck as an increase in your gross wages coded as "cellallw." The net increase in your pay will be less than the stipend due to withholding of income taxes. When your stipend commences depends on when your supervisor determines for it to start and when the PAF creating the stipend is submitted for processing.

How can I change the amount of a stipend, or the account it is charged to?

You cannot change this for yourself. Your supervisor may submit a new PAF.

If I have questions on the stipend once I receive it who should I talk to?

First talk to your supervisor. You may also need to contact the Payroll Department.

Can I switch providers and keep my current phone number? How do I do that?

Cell phone providers allow customers to keep the same phone number when changing providers. Check with the provider you are interested in to confirm they can do this and how to proceed.

If I switch to another provider, can I keep my current cell phone?

Probably not. Providers normally require you to use one of their cell phone models. Check with your provider to be sure.

Is the stipend that I receive for my own cellular phone taxable?

Yes. The stipend amount is taxable income.

How is my stipend set?

The UNL Vice Chancellor for Business and Finance sets the representative rates annually for cell phone stipends. The rates are available on the same web site as these FAQs. Your actual stipend is established by your supervisor by considering the amount of business use required for your job, and the benefits to you of unlimited personal usage and not having to perform recordkeeping.

What if my actual business usage exceeds the amount of the stipend that I receive?

The stipend amount chosen by your department should reflect your usage for a representative year. There will be periods where the business use will be lower and higher than the stipend. If you track business use and determine that it routinely exceeds the stipend chosen, speak with your supervisor regarding whether your department believes a different rate should be implemented.

Does everyone get a stipend for a personally-owned cell phone?

No. You should only receive a stipend if your job requires that you carry a cell phone when other less expensive means of communication are not adequate. Job responsibilities, not job title, will determine whether a stipend is warranted.

Who can I call for help on setting up my stipend?

Whether a stipend is warranted, and the amount of the stipend, is chosen by the department, not by the employee. The stipend amount is selected based on representative rates from the UNL Vice Chancellor for Business and Finance, which are available on the same web site as these FAQs .

Do I get retirement contributions or other benefits if I receive a taxable stipend for my cell phone?

No.

What types of cell phones and plans may I choose from?

For a non-University provided cell phone, you may choose any cell phone and plan you desire. You should consider both business and personal service coverage. Your job may not require a camera phone, but you may find a camera phone to be a good option for you personally. You should consider your calling patterns. Is unlimited long distance necessary? Would text messaging be a plus? What are the chances that you may exceed your base plan minutes and be required to pay expensive overage minutes? The final choice is yours.

What if my choice does not work out for me?

You should take full advantage of any trial periods offered by the vendors. Pay attention to your level of service during that period and return the phone and cancel the plan if you are not receiving the level of service you need. Because it is your cell phone and your plan, you will choose whatever changes you desire to make.

What about smart phones or PDA/Phone combinations?

These are covered by the "Cell Phone" policy too. Again, two options apply: one that allows employees to have their own communication equipment, and another that allows University-provided communication equipment. Business need will determine whether such equipment is required and which option is best for the University. If a need exists for a cell phone and the department opts to provide the employee a stipend (to cover the business use of both the cell phone and the cell service), but the employee desires a PDA or smart phone, the University will only provide the cell phone stipend. The employee may purchase a PDA, but s/he will not be reimbursed for the cost of that personal preference above the approved stipend.

If I am authorized to use a smart phone to access University e-mail calendaring or other services, can the University recommend which devices will work best and will be supported by the University?

These products change regularly. It is up to the employee to select an appropriate device. The University does not have the resources to maintain this type of information.

Is there a way to avoid withholding on my stipend?

No.

Are there any equipment exceptions to this policy?

The only exceptions are for pagers and two-way radios. Their nature limits them to business use.

In the past, we have always been required to send University owned cell phones to University surplus and salvage to transfer the ownership to an employee. Are we still required to do that?

Yes.

Where may I find the IRS document that outlines its position on cellular phone taxation?

You may find Notice 2011-72 at www.irs.gov/pub/irs-drop/n-11-72.pdf.

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