Cell Phone Policy
Frequently Asked Questions (FAQs)

Why was this policy established?

The Internal Revenue Service considers cell phones to be “listed property” and regards employer-provided cell phones and the associated monthly charges paid by the employer to be taxable income to the employee unless the employee maintains detailed records regarding each cell phone call (and, by extension, each electronic mail and text message), 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.

The IRS and state auditors have become more aggressive in their oversight of this requirement, leading to the need for a policy to guide UCF employees as they seek to become compliant with the IRS regulations.

Who is covered by this policy?

This policy applies to all UCF employees who have a cellular telephone or mobile communication device (including Blackberrys, Treos, and similar devices) that was purchased by UCF and/or that has a UCF-paid voice or data service plan. The term “cell phone,” as used in this FAQ, applies to all mobile communication devices that are regarded by the IRS as “listed property.”

This policy does not apply to UCF employees who use a personal cell phone or similar communication device for which they directly pay the monthly service charges, even if they use their personal cell phone for occasional university-related business.

Where can I find IRS information on employee use of cell phones?


When does this policy become effective?

Policy 4-009 became effective on January 1, 2008 and employees have until June 30, 2008 to comply.
If I use a university-owned cell phone or university-paid voice or data services, what must I do to comply with this policy?

It is the intent of policy 4-009 that all UCF employees who currently have a university provided cell phone and voice or data service for that phone convert the service from a UCF account to a personal account no later than June 30, 2008. Wireless carriers refer to this as a transition from “corporate liability” to “personal liability.” If conversion of university-paid cell phone service to a personal account would cause a contract cancellation penalty, the conversion can occur at the end of the current contract.

When I convert my university cellular telephone and service to a personal account, must I pay for business-related use?

Upon conversion, the university-owned cellular telephone you now use will become your personal property. You will need to sign up with a carrier of your choice for new personal voice and/or data plans and cancel your current university voice and/or data plans.

After selecting an appropriate voice and/or data plan, download, complete, and submit a Cell Phone Allowance Request Form to your supervisor. Once approved, the form will be forwarded to the HR payroll office and a bi-weekly allowance will be added to your pay. The allowance is taxable income, and the bi-weekly allowance will be “grossed up” to cover the tax.

How often must employees submit a Cell Phone Allowance Request Form?

An Allowance Request Form must be submitted annually, for approval by January 1 of each year. The form can be also used to request reimbursement for the purchase of a replacement cell phone, but not more often than once every 24 months. When requesting an allowance for the purchase of a replacement cell phone, copies of purchase receipts must be provided.

If a department owns cell phones or similar devices and checks them out to employees for business use must the usage still be documented?

Yes. The IRS documentation requirement applies to all usage of university-provided cell phones, whether permanently or temporarily assigned.

If I currently use a university-provided cell phone, must the university approve an allowance when I apply to convert the phone to a personal plan?
No. Approval of an allowance request is based on business needs of the department or the university. In some cases, it may be more economical for an employee to purchase his or her own telephone and service and request reimbursement for occasional business use, if any.

**If my department approves an allowance, can the department limit the number of minutes or other features of the data or voice plan or specify a provider?**

Under this policy, cell phones and associated voice and data service plans will become the personal responsibility of each employee; therefore, employees are free to choose cell phones and service plans that will meet their needs. However, the university allowance, whereby employees will be compensated for business use of their cell phones, will be based on the degree to which the chosen service plans meet the business needs of the department. If department needs are best met by certain voice or data plan features, levels of service (e.g., number of minutes per month), or carrier the department can set the allowance amount accordingly.

The cell phone policy anticipates that some usage will be personal and therefore not reimbursable through the bi-weekly allowance. The Cell Phone Allowance Request Form provides a means to pro-rate the allowance based on the level of anticipated personal vs. business use.

**How will salary allowances be reported to the IRS?**

The salary allowances will be reported on employees’ W-2s and be subject to withholding taxes. These salary allowances will not be considered as base salary or for retirement calculation purposes.

**If I leave the university after receiving an equipment purchase allowance, must I return the device or reimburse the university for a portion of the amount paid?**

Once a purchase allowance has been given for an employee to purchase a device, the device remains the property of the employee. However, the department should discontinue payment of the bi-weekly service allowance immediately upon termination.

**If I leave the university or otherwise cancel my personal voice or data plan, will UCF reimburse me for any contract cancellation charges?**
No. Once a cell phone and its associated voice or data plan has been converted to a personal plan, the individual user bears full responsibility for any cancellation charges, late payment fees, or similar costs just as they would with any other personal contractual commitment.

**Does the new cell phone policy apply to cell phone service contracts that were entered into before January 1, 2008?**

Yes.

**Are cell phone allowances to be paid from salary dollars or expense dollars?**

Both the bi-weekly service allowance and the purchase allowance will be paid from the employee’s funding department number. Payroll will charge these payments to account code 749906. Allowances will be reported on employees' W-2 forms.

**Can the data service charges for “smartphone” devices such as Blackberrys be paid by the University and I be paid an allowance for the business portion of the calls made on my cell phone?**

Although “split billing” may be technically possible with certain carriers, all usage of university-provided mobile communication devices—including voice and data—must be documented as required by the IRS. Therefore, no split billing requests will be approved.

**If I use a university-provided wireless data card, does this policy apply, or are there any logging requirements?**

No. Mobile data cards and services are not covered by policy 4-009.

**May an employee who uses a Blackberry device continue to use the university’s Blackberry Enterprise Server (BES) in order to synchronize his or her e-mail, and may the employee’s department continue to pay for BES services on behalf of the employee?**

Yes. University departments may pay for BES service on behalf of their employees under this policy with approval by the appropriate administrator. BES service is currently priced at $9.00 per month.
Converting Your University Cell Phone
Frequently Asked Questions (FAQs)

What is a “corporate liability” service plan?

Cell phone companies use the term “liability” to refer to the entity that has contractual responsibility for paying the monthly phone bill. In this instance, a “corporate liability” account is one that obligates UCF to pay for the cell phone service.

What is a “personal liability” service plan?

A “personal liability” cell phone plan is one that requires the cell phone user to pay the monthly cell phone bill.

Where can I get information on personal cellular plans and rates?

In order to get information for personal cellular plans and rates, including applicable discounts, please contact the carrier of your choice, either online or via phone.

What do I need to do to convert my cell phone service?

Each provider has a different procedure for converting from university to personal service. Some carriers offer both online and telephone conversion options. In most cases, a responsible party in your department must approve converting your cell phone number for personal use.