



Ouachita Baptist University

Cell Phone Usage and Reimbursement Policy

Introduction

- The Internal Revenue Code states that personal use of university provided cell phones is a non-taxable fringe benefit, if there is a valid business purpose for the provided phone.
- Rather than purchasing cell phone service for employees, the university will provide an allowance for those employees who have a documented business need.
- The University will generally not: 1) purchase cell phones for university employees, 2) pay vendors directly for monthly service, or 3) reimburse employees for monthly cell phone service or for purchases of related equipment. Instead, eligible employees may receive additional compensation, in the form of a cell phone allowance, to cover the cost of business-related calls on their **personal** cell phone. This allowance will be treated as non-taxable income to the employee.
- Employees not eligible for a cell phone allowance may be reimbursed for documented business calls made on their personal cell phones.

Phone Allowance

1. The wireless phone allowance may not exceed \$40 per month. As stated above, this amount is non-taxable income to the employee. This allowance is intended to compensate the employee for the **business use** of the phone, not to pay the entire bill, under the assumption that most employees also use their cell phones for personal calls.
2. Generally, the assumption is that only voice communications are required, in other words, no text messaging or internet service allowance will be included. However, if job duties require text messaging, then the default wireless phone allowance will be increased by up to \$10 per month. In addition, if the job duties require significant data usage, such as email and internet service, then the default allowance will be increased by up to \$25 per month.
3. The allowance is not an entitlement – the amount can be changed or withdrawn at any time.
4. Since the phone will belong to the employee and not the university, the employee will be responsible for the cost of the phone and all activation fees.

Advantages of the Policy

- The policy ensures university compliance with IRS regulations.
- The employee can generally select the carrier of his/her choice.
- The employee can choose plan features that fit his/her personal needs and pay the difference, such as increased number of minutes, local versus nationwide, individual versus family plan.

Eligibility for Cell Phone Allowance

1. The university may provide a cell phone allowance to an employee if at least one of the following criteria is met:
 - a. The job requires the employee to spend a considerable amount of time outside of his/her office or work area during normal working hours and the employee must be immediately accessible to receive and/or make frequent business calls during those times.
 - b. The job requires the employee to be immediately accessible to receive and/or make frequent business calls outside of normal working hours. (This is not intended to include occasional, voluntary, or incidental access such as checking email from home).
2. Eligibility is based on necessity and frequency, not title or position. Simple convenience is not sufficient.
3. The allowance will be charged to an account specified by the director/dean or vice president.
4. A cell phone allowance may be requested by completing a Cell Phone Allowance Authorization request form and obtaining approval of the appropriate Vice President or the President.

University-Provided Phones

With the approval of the Chief Financial Officer, the university may pay for cell phones in certain circumstances, such as phones that rotate among campus safety or maintenance personnel. **No personal calls** are allowed on university provided phones.