



University of Massachusetts

Amherst

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## MEMORANDUM

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**To:** Deans, Directors and Department Heads  
**From:** Joyce Hatch, Vice Chancellor for Administration and Finance  
**Subject:** UMA Cell Phone or Other Communication Device Policy  
**Date:** February 5, 2007

Attached is the new UMA Cell Phone or Other Communication Device policy and procedure which defines the eligibility and taxability of university provided cellular phones and service for the Amherst campus.

In order to comply with IRS regulations, beginning January 1, 2007, a monthly adjustment will be recorded as W-2 wages for the cost of university-provided cellular phone and service, regardless of how much business versus personal minutes are used per month. Departments are responsible for the completion of the attached *Cell Phone or Other Communication Device Agreement* and for forwarding the signed, completed agreement to Human Resources, 325 Whitmore for every employee who has a university-provided cell phone by **March 1, 2007**. Failure to return the completed forms may result in termination of the university-provided cell phone service.

In approving the issuance of an employer-provided cell phone, Deans, Directors or Department Heads must indicate the business reason for providing the communication device in the appropriate section of the *Cell Phone or Other Communication Device Agreement*. In general, business reasons require that the employee be readily accessible for frequent or emergency job-related contact and the employee's access to regular land lines does not sufficiently or regularly provide for such contact. Some employees may prefer to give up the administrative convenience of an employer-provided cell phone rather than pay tax on this income.

Please contact the Controller's Office with any questions at 545-0806.



University of Massachusetts Amherst

## Cell Phone or Other Communication Device Policy and Procedure January, 2007

The IRS recently has become very interested in employer provided benefits including cell phones and other communication devices (Treas, Blackberry et al). For a benefit to be excluded from income the IRS requires a detailed record substantiating the business use of every call made on a cell phone. Given the burdensome nature of this requirement, the Amherst campus is instituting a new cell phone policy effective January 1, 2007 as follows.

Beginning January 1, 2007, a monthly adjustment will be recorded as W-2 wages for the cost of university-provided cellular phone and service, regardless of how much business versus personal minutes are used per month. By characterizing this cost as income, the campus avoids the alternative: each employee burdened with monitoring and reporting itemized minutes of personal cellular phone use subject to frequent and periodic audit. The adjustment posted to W-2 gross earnings will be based on the actual cost of the monthly service plan and be taxed as income. The amount posted to your W-2 will be reviewed annually so as to accurately reflect the current phone service costs. Note: Assuming an average cell phone cost per month of \$40 and tax rate of 28%, the effective cost to the employee for avoiding the itemization process will be approximately \$10 per month.

Departments are responsible for the completion of the *Cell Phone or Other Communication Device Agreement* and for forwarding the signed, completed agreement to Human Resources, 325 Whitmore for every department employee who has a university-issued device. In approving the issuance of an employer-provided cell phone, Deans, Directors or Department Heads must indicate the business reason for providing the communication device in the appropriate section of the *Cell Phone or Other Communication Device Agreement*. In general, business reasons require that the employee be readily accessible for frequent or emergency job-related contact and the employee's access to regular land lines does not sufficiently or regularly provide for such contact.

Exceptions:

1. The Athletic Department is exempted from this policy as they have established reporting and reimbursement procedures as defined by the NCAA.
2. The device is not associated with an individual employee but rotated among employees for departmental purposes and restricted for University business.

Some employees may prefer to give up the administrative convenience of an employer-provided cell phone rather than pay tax on this income. If you would prefer to do so, please work with your department personnel to cancel your cell plan and turn in your phone.

Please contact the Controller's Office with any questions at 545-0806.

Cell Phone or Other Communication Device Agreement  
University of Massachusetts Amherst

Employee Name:

Employee Identification Number (EMPLID):

Date of Issuance:

Type of Device:

Plan Cost per Month:

Approval of University issued cell phone by:

Name:

Department:

Business Reason:

By my signature below I certify that

1. this communication device will have personal use and as a result the plan cost will be assessed as taxable income per the *UMA Cell Phone or Other Communication Device Policy and Procedure*. The taxable assessment based on the plan cost will be reviewed annually.
2. in the event my plan's cost changes during the calendar year, I will resubmit this Agreement.
3. I have received a copy and agree to the requirements of *UMA Cell Phone or Other Communication Device Policy and Procedure*.

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Employee Signature

\_\_\_\_\_

Type or print name

Date

SEND THE ORIGINAL OF THIS DOCUMENT TO HUMAN RESOURCES 325 WHITMORE.