

Cell Phone Payroll FAQs (for Policy 4-009.2)
February 2015

- 1) Who should complete the Cell Phone Allowance Request Form?
The employee should complete the form if they are entitled to reimbursement for a personal cell phone or PDA if they meet the IRS non-compensatory business reasons as follows:
 - Employer needs to be able to contact the employee at all times for work-related issues.
 - Employer requires that the employee be available to speak with customers at times when the employee is away from the office or at times outside of the employee's normal work schedule.

This form should be approved by the appropriate person as designated on the form.
- 2) Once the form is completed, where should it be sent?
UCF Human Resources
Attn: Payroll Services
3280 Progress Drive, Suite 100
Orlando, FL 32826-3229
- 3) Will Payroll calculate retroactive payments on the biweekly reimbursement?
Generally speaking there are no retroactive payments. This will be determined on a case by case basis.
- 4) Does this form expire?
Yes. The last payment for the calendar year will be on the last payday in December. If eligible, a form marked "Renewal for 20__" should be completed and submitted for the next year.
- 5) What do I need to do if the business usage of the phone increases or decreases?
Submit a Cell Phone Allowance Request Form and check the box "Update". Complete the form again to determine the new amount of the biweekly reimbursement.
- 6) What do I need to do if the employee terminates employment with the department?
The phone is the property of the employee or former employee if the contract with the provider is in his or her name. A Cell Phone Allowance Request Form should be completed and the box for "Terminate" should be marked.

7) Can you explain how the taxes will be calculated?

The IRS issued Notice 2011-72 indicating the tax treatment of cell phones for non-compensatory business reasons have changed. The cell phone usage is no longer considered listed property and therefore eliminates recordkeeping requirements. The personal usage of the cell phone is considered de minimis.

Therefore, the reimbursement for the service will be treated as non-taxable so long as the non-compensatory business reasons have been met, and the amount of the reimbursement is reasonable and does not exceed the actual amount of the cell phone bill.

The device (personally owned by the employee) will be considered a fringe benefit that is taxable. There will be a tax adder of 30% (gross-up) on the form for the device.

8) Why do we use 26.1 to calculate the biweekly amount to be paid?

The factor of 26.1 is referenced in UCF Regulation 3.044, Compensation.

9) Which funding department should be used to charge these reimbursements?

Operations or payroll funding departments. Contracts or grants, and overhead/balance accounts should be approved by the Office of Research and Commercialization.

10) Which account code will this be assigned to?

Perquisites 749906

11) How will this be reflected in the employee's W-2?

Effective for tax year 2012, there will be no record on the W-2 related to the reimbursement for the service.

The reimbursement for the device will be included in taxable earnings, and will be reflected in Boxes 1 -5.

12) Does this reimbursement increase my employer paid retirement contributions?

No. The employer paid portion of the retirement contributions are not calculated on this reimbursement. It is only calculated on regular wages or other earnings as identified by the Florida Retirement System.

13) Are amounts covering insurance on cell phone devices and accessories reimbursable under the cell phone allowance?

No. Amounts for insurance must be paid by the employee (if they choose to buy it) as the devices and accessories are the employee's personal property.