



Cellular Telephone Acquisition and Use FAQs UCF Policy 4-009.3 April 2018

1) Who should complete the Cell Phone Allowance Request Form?

An employee should complete the form if they are entitled to reimbursement for a personal cell phone (cell phone as defined in the UCF Policy) and 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.

The appropriate person as designated on the form should approve this form.

2) What documentation is required for a device reimbursement?

With most devices being paid for via a payment plan with the seller, reimbursement from Payroll will not occur until after the payment plan has been completed or completed up to the point of the requested reimbursement amount. A reimbursement requires substantiation in the form of a receipt or a monthly cell phone bill reflecting payment for the device (not a purchase order).

3) 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.

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

Operations or payroll funding departments should be used. If using a Contracts or Grants account or an overhead/balance account, the Office of Research and Commercialization should approve the form before its submission to Payroll.

5) How frequently can an employee request a device reimbursement?

A device reimbursement may only occur one time every two years (based on the date of the last reimbursement).

- 6) 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.

- 7) What should occur if business usage of the phone increases or decreases?

Prepare and submit a Cell Phone Allowance Request Form with the "Update" box marked to provide the updated biweekly reimbursement amount.

- 8) How will the taxes be calculated?

The IRS issued Notice 2011-72 indicating the tax treatment of cell phones for non-compensatory business reasons changed. The cell phone usage is not 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.

- 9) How will this be reflected on the employee's W-2?

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.

- 10) 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.

- 11) Why is a factor of 26.1 used to calculate the biweekly amount to be paid?

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

12) Does this reimbursement increase the employer-paid retirement contributions?

No. The employer paid portion of the retirement contributions are not calculated on this reimbursement. The Florida Retirement System does not identify this kind of payment as retirement eligible.

13) To which account code will this be assigned?

Perquisites 749906. Please refer to www.fa.ucf.edu for the composite fringe benefit rate associated with this type of payment.

14) What should occur 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 to discontinue the payments.

15) If a non-exempt employee uses their cell phone for business purposes outside of their scheduled work hours, is that considered work time?

Yes. All time spent by non-exempt employees using electronic communications for work purposes will be considered hours worked; the time is compensable and will count toward overtime eligibility as required by law. Therefore, to avoid incurring unnecessary expenses, electronic communications should not be checked, read, sent or responded to outside regularly scheduled work hours unless authorized and required by management. This includes all types of work-related communication.

16) Once the form is completed, where should it be sent?

Forms may either be scanned/emailed to: payroll@ucf.edu

or

Mailed to: UCF Human Resources, Attn: Payroll Services, 3280 Progress Drive, Suite 100, Orlando, FL 32826-3229