

University of Puget Sound
Allowance Policy for Communication and
Technology Devices and Services

Last revised: January 6, 2009

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This policy is effective as of January 6, 2009, and supersedes all previous policies, guidelines, and practices for college payment for or reimbursement of communication and technology devices and services covered under this policy.

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Why this policy is needed

The intent of this policy is to provide an effective and regulatory-compliant process for faculty and staff members to cover the cost of self-purchased communications and technology devices and associated services when the appropriate president's cabinet member or delegate has determined that a faculty member or staff member needs the devices and services to enable effective support of Puget Sound's mission.

Current IRS regulations require that both individuals and the college maintain extensive records to substantiate the business need and use of college-provided devices and services such as cell phones and smart phones, personal digital assistant, or other mobile devices. In examinations the IRS has closely scrutinized the treatment of personal use of such devices. To treat the value of an employer-provided device and related service plan as nontaxable, the IRS requires that a log, which lists every call that is made or received on the employer-provided device and its business purpose, be prepared by the individual and kept on file by the employer. *Currently, if the IRS determines that an employer has maintained insufficient substantiating records, it can ignore any business use of the phone and treat the entire value of the cell phone benefit as additional taxable wages.*

Maintaining such a log is very time-consuming and the college does not want to ask faculty or staff members to engage in such burdensome reporting. As a result, this campus-wide *Allowance Policy for Communication and Technology Devices and Services* is needed to:

- establish guidelines to identify faculty or staff positions for which a taxable allowance for communication and technology devices and services is appropriate and necessary;
- ensure compatibility of devices with Puget Sound's network and software systems;
- create an effective and manageable support and record-keeping structure for both individuals and the college; and
- ensure compliance with laws and regulations.

Policy statement

Puget Sound provides a taxable allowance for communications and technology devices and associated services when the appropriate president's cabinet member or delegate has determined that a faculty member or staff member needs such devices and services to support Puget Sound's mission effectively.

A taxable allowance provides the following benefits for recipients:

- 1) No log of business use is required.
- 2) No monthly reporting is required.
- 3) Personal use of devices is allowed.
- 4) Other personal or family plans can be added to reduce total family costs.

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Except for shared department devices described later in this policy, Puget Sound does not purchase devices covered by this policy or pay vendors directly for related monthly service.

Infrequent reimbursements:

Faculty or staff may be reimbursed for out-of-pocket costs associated with personal responsibility plans when all of the following are true:

- 1) a personal device was used for approved university business;
- 2) the faculty or staff member's out-of-pocket costs are in excess of the regular monthly cost of his/her personal responsibility plan;
- 3) reimbursement requests are documented in accordance with [Puget Sound's reimbursement and credit card documentation policy](#); and
- 4) reimbursement requests are infrequent in nature (in other words this is not a regular, ongoing expense, in which case a taxable monthly allowance would be applicable and would need to be authorized).

Devices and services covered by this policy

Communications and technology devices and services for which a taxable allowance may be provided include:

- 1) cellular telephones and associated service (cell phones);
- 2) personal digital assistant/hand held computer/smart phone devices and associated service (mobile devices);
- 3) DSL or cable broadband modems or broadband access (air) cards and associated service, including home internet access (broadband access).

Guidelines for determining when a taxable allowance is appropriate and necessary

Within their areas of responsibility president's cabinet members or their delegates may authorize one or more of the approved taxable allowances identified on the taxable allowance form for an individual who meets one or both of the following criteria.

- A. The faculty or staff member is required to spend a considerable amount of time outside of his/her assigned office or work area during normal working hours and is required to have regular access to telephone and/or internet connections.
- B. The faculty or staff member is required to be accessible outside of normal working hours. (This is not intended to include occasional, incidental, or emergency access.)

The president's cabinet member (or delegate) approving the allowance will use his/her knowledge of the essential functions of the position, budget considerations, and good judgment to determine the necessity and appropriateness of the allowance to be provided to each authorized faculty or staff member. All allowances

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will be charged to an appropriate department budget and all allowances are taxable. Department heads are responsible for confirming that faculty or staff members in their department have obtained the device(s) and service(s) for which they receive an allowance.

Approved taxable allowance types and amounts

To simplify administration, allowance amounts will not be prorated. Monthly mobile device allowance amounts include replacement cost.

Device type	Allowance amounts		
	Initial, one-time	Monthly, partial ^B	Monthly, full ^A
Cell phone	Not applicable	\$20.00	\$40.00
Mobile device	Optional, up to \$300.00 ^C	\$58.00 ^D	\$108.00 ^D
Broadband access	Not applicable	Single level of \$50.00/month	

^ACorresponds to guideline criterion A above.

^BCorresponds to guideline criterion B above.

^CAn initial, one-time amount between \$0.00 and \$300.00 (based on actual cost) can be authorized when the faculty/staff member does not already have a compatible mobile device and needs to acquire one.

^DMonthly mobile device amounts include a prorated, ongoing device replacement amount of \$8.00 per month. A 3-year replacement cycle is assumed.

Allowance process

Starting a taxable allowance

To start a taxable allowance, a completed taxable allowance form signed by the faculty or staff member and the responsible president's cabinet member or delegate should be submitted to Human Resources. The form should be turned in by the 10th of the month to be effective in the current month. Allowances authorized by forms received after that date may be effective in the following month.

Stopping a taxable allowance

The monthly taxable allowance will continue until the faculty or staff member leaves Puget Sound employment or moves to a different position within the college, at which time the allowance will automatically end, with payment occurring in the month of separation or change in position. A responsible president's cabinet member or delegate may also stop a taxable allowance by sending an e-mail message to Human Resources at hr@ups.edu.

Annual review of taxable allowances

Prior to the start of each fiscal year, Accounting and Budget Services (ABS) will provide president's cabinet members or delegates with an opportunity to review the taxable allowances for their areas of responsibility. Reviewers will be asked to notify ABS about any changes needed by sending an e-mail message to payroll@ups.edu.

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Account charged for taxable allowances

Taxable allowances will be charged to operating expense account number 70132 (cell phones, mobile devices, pagers, and broadband access) in the budget index approved by the president's cabinet member or delegate.

Tax reporting

Applicable payroll taxes on the amount of the allowance will be withheld from the paycheck and the amount of the allowance will be included as required by the IRS on the individual's Form W-2.

One allowance per faculty or staff member

Because allowances are taxable, each faculty or staff member who is authorized to have a device or service for work purposes is to purchase his or her own device and/or service. In other words, Supervisor A cannot enter into a cell phone contract for both himself/herself and Staff Member B. If Staff Member B is authorized to have an allowance, Staff Member B should enter into his/her own contract with a vendor.

Direct payments by Puget Sound to a vendor for devices or services

With the exception of the shared department cell phones described in the next section, the college:

- will not provide direct payments to a vendor for the purchase of devices or services covered under this policy for any individual; and
- will not enter into contracts with vendors for faculty or staff use of devices or services covered under this policy.

Given that a taxable allowance will be provided for monthly service fees, the faculty or staff member will be the direct holder of a contract with the service provider.

Shared department cell phones or pagers

With approval from both the responsible president's cabinet member and a college financial officer, a college department may maintain a shared cell phone, pager, or broadband access card in a college-owned laptop and associated services. The department head is responsible for maintaining a system to safeguard and ensure appropriate use of devices and service, including communicating Puget Sound's policy of no personal use and confirming that there is no personal use.

Exceptions

Exceptions to this policy must be pre-approved in writing by the vice president for finance and administration or delegate.

Use of devices while driving

In the interest of the safety of faculty and staff members and other drivers, University of Puget Sound requires faculty and staff to comply with all applicable laws while driving.

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Other college policies that may be applicable

When using personally-owned devices that are connected to college networks, or when using college-provided devices or resources all individuals are expected to comply with college-wide [privacy and appropriate use of resources](#), [information use and security](#), and [e-mail, voice mail, and network access](#) policies.

Responsibilities for approving and maintaining this policy

The vice president for finance and administration, in consultation with the president's cabinet, is responsible for approving modifications to this policy.

The associate vice president for accounting and budget services/controller (controller) is responsible for coordinating an annual review of this policy. The controller should include, at minimum, the following individuals in the review:

- chief technology officer;
- associate vice president for human resources;
- associate vice president for treasury;
- director of financial systems and disbursements; and
- appropriate representation from divisions or departments with faculty or staff with taxable allowances covered by this policy.

Questions about this policy? Please contact:

- [associate vice president for accounting and budget services](#); or
- [director of financial systems and disbursements](#).