K·STATE
Research and Extension

Cell Phone/Data Enabled Portable Communication Device Options

1. Extension Owned Cell Phone/Data Enabled Portable Communication Device

The Extension Council/District may provide a cell phone/data enabled portable communication device and a calling/data plan to extension employees. The IRS says that when an employer provides a cell phone to an employee "primarily for non-compensatory business reasons", the IRS will treat this as a working condition fringe benefit. The Extension Board should adopt a policy with their expectations regarding the employee's availability to receive and make calls or receive and transmit data. Examples of substantial non-compensatory business reasons include:

- The employee is available to receive and transmit data and/or speak with clients at times when the employee is away from the office.
- The employee's need to speak with clients at times outside of the employee's normal workday.

Personal use of an employer provided cell phone/data enabled portable communication device is considered by the IRS, a 'de minimis benefit (value and frequency so small as to make accounting for it unreasonable); therefore it isn't necessary to require reimbursement for personal use of the employer provided phone/data transmission device.

Sample Policy:
The _____ (Local Extension Unit) will provide a cell phone to Extension Agents and Program Assistants and will provide a calling and data transmission plan so that employees are available to speak with clientele and receive and transmit data when the employee is away from the office. The cell phone number and the employee's email address will be made available to clientele.

2. Employee Allowance for Business Use of a Personally Owned Cell Phone/Data Enabled Portable Communication Device

The Extension Board can reimburse the employee for business use of an employee owned cell phone. According to the IRS, the amount of reimbursement is non-taxable if the allowance qualifies as a "working condition benefit" where, for substantial noncompensatory business reasons, the employee is required to maintain and use their personal cell phone for business purposes. The Extension Board should adopt a policy with their expectations regarding the employee's availability to receive and make calls or receive and transmit data. Examples of substantial noncompensatory business reasons include:

- The employee must maintain the type of cell phone/data plan coverage that is reasonably related to the needs of extension work.
- The reimbursement must be reasonably calculated so as not to exceed expenses the employee actually incurred in maintaining the cell phone.
- The reimbursement for business use of the employee's personal cell phone must not be a substitute for a portion of the employee's regular wages.

The allowance is to be paid from the telephone line item of the Extension expense budget.

Sample Policy:
The _____ (Local Extension Unit) will reimburse Extension Agents and Program Assistants for business use of an employee owned cell phone in the amount of $_____, to be paid _____ (monthly, quarterly, etc,) The employee will need to provide evidence that the amount of reimbursement does not exceed expenses the employee actually incurred in maintaining the cell phone and data transmission plan. The employees are to be available to speak with clientele and receive and transmit data when the employee is away from the office. The cell phone number and the employee's email address will be made available to clientele.