

**County of Brunswick**  
**Policy for Employee Issued Cellular Telephones**  
**Adopted by the Board of Commissioners November 17, 2008**

**Background Information:**

Employers often provide employees with certain electronic and telecommunication equipment for use outside of the employer's premises in the performance of their duties. These items (and other items listed in IRC 280F) are considered "listed property". Because the nature of the property lends itself to personal use, strict substantiation requirements are in place. Employees are required to account for business and personal use. IRC 274(d); IRC 280F (d)(4); IRC 132(d)

**Examples:** Cell phones, automobiles, computers, internet provider allowances

**"Listed Property" IRC 280F(d)(4)**

- ❖ Business use is excludable from the wages of the employee as a working condition fringe benefit.
- ❖ Personal use is included in the wages of the employee.
- ❖ **If substantiation requirements are not met, all use is included in the wages of the employee.**

**Substantiation Requirements**

Records of business and personal use must be kept by the employee in order to determine whether the value of any of the use is included in the employee's wages. IRC 274(d)

Example: An employer provides an employee with a cell phone and pays the monthly charges. The employer requires the employee to highlight personal calls on the monthly bill. The employer includes the direct charges for personal use and a pro rata share of monthly fees and services in the wages of the employee. The business use is not taxable to the employee".

The County's fringe benefit period runs from December 1 thru November 30 for reporting on the Employee Annual Wage and Tax Statement (Form W2.) The county has not required employees to perform the substantiation requirements for cell phones during the fringe benefit reporting period and therefore 100% of the value of the cell phone is a fringe benefit in the 2008 reporting period.

**Policy Adopted:**

For the period from December 1, 2007 thru November 30, 2008, the County will report 100% of the employee assigned cell phone bill as a fringe benefit to those employees assigned a cellular phone that are unable to provide documentation of business and personal use. For those employees that are able to provide records, the fringe benefit is reported in accordance with IRS guidelines for valuation. The county will pay both the employee and employer FICA taxes, federal withholding taxes and State withholding taxes.

For fringe benefit tax years beginning December 1, 2008, county departments will transition to a cell phone stipend as soon as economically practical or when current contracts expire. No personal use of the county provided cell phone is allowed as of December 1, 2008. All employees issued a county cell phone must complete the IRS substantiation requirements from December 1, 2008 forward. Employees are personally responsible for any cell phone fringe benefit tax liability from December 1, 2008 forward.