

Franklin County Policies and Definitions	Subject: Cell Phone Billing Issue Date: First quarter 2008 Title: <u>Policy Guidelines for Cell Phone Billing</u>
Revised:	Initiating Department: Office of Management and Budget

A. Purpose

To set forth guidelines for billing of County employees for personal usage of County cell phones.

B. Policy Guidelines for Cell Phone Billing

In order to comply with IRS requirements, we must calculate the value of the personal cell phone calls. The value of those calls is a taxable fringe benefit and must be reported in accordance with IRS publication 15-B. However, the IRS allows for a De Minimis benefit exemption. Therefore, we will ask for the cell phone users to mark all personal calls. We will then prorate the use for the allowable minutes and chart the value for the year. If the calculations of the value of the personal cell phone use benefit by year-end equal 15% or less, we will not report the amounts to the County payroll office, using the IRS De Minimis exemption. If they are **greater than 15%**, then the value will be reported to the County payroll office to be reported as a taxable fringe benefit.

In order to comply, OMB will provide each cell phone user with a copy of their monthly cell phone bill. If the user could please mark the personal calls with a highlighter or check mark and return to OMB, we will then calculate the value and chart the value for the year. At year-end, the OMB payroll officer will total each users personal use value and report to the County payroll department any values where the personal use value exceeds 15% of the total number of minutes allocated to the phone over a 12 month period.

IRS guidance Publication 15-B (2008): De Minimis (Minimal) Benefits, Page 8

You can exclude the value of a de minimis benefit you provide to an employee from the employee's wages. A de minimis benefit is any property or service you provide to an employee that has so little value (taking into account how frequently you provide similar benefits to your employees) that accounting for it would be unreasonable or administratively impracticable. Cash, no matter how little, is never excludable as a de minimis benefit, except for occasional meal money or transportation fare.

Examples of de minimis benefits include the following:

- Occasional personal use of a company copying machine if you sufficiently control its use so that at least 85% of its use is for business purposes.
- Holiday gifts, other than cash, with a low fair market value.
- Group-term life insurance payable on the death of an employee's spouse or dependent if the face amount is not more than \$2,000.
- Meals. See Meals, later
- Occasional parties or picnics for employees and their guests.
- Occasional tickets for entertainment or sporting events.
- Transportation fare. See Transportation (Commuting) Benefits, later.

Employee - For this exclusion, treat any recipient of a de minimis benefit as an employee.

The County Auditor has advised that "The IRS's example involves a copier, but can be applied to a cell phone, pager or any other item that carries a "per use" fee."