

**Mobile Communications Policy for Faculty & Staff**

10/24/2017

Northwestern University guidelines for mobile communications comply with current IRS regulations. Adherence to these guidelines is required by the McCormick School of Engineering (McCormick).

McCormick will allow reimbursement from an individual's available discretionary funds for mobile communication expenses when their duties and responsibilities require mobile access to multi-functioning communication devices for Substantial Business Reason. The definition of Substantial Business Reason now incorporates IRS guidance. Per the IRS, business use should be consistent with the following criteria:

- The employer's need to contact the employee at all times for work-related emergencies;
- The employer's requirement that the employee be available to conduct business when the employee is away from the office; or
- The employee's need to conduct business with individuals located in other time zones outside of the employee's normal work day.

For employee-owned devices that are being reimbursed and meet the Substantial Business Reason, the allowance is nontaxable.

A general business need to remain in contact with the University or monitor ongoing communications related to one's duties is not a sufficient standard for exclusion from taxes. In the absence of specific evidence that the employee's job duties meet the definition of Substantial Business Reason in order to fulfill their responsibilities, the presumptive standard is that all reimbursements and allowances for mobile devices and plan will be taxable to the employee.

**Mobile Communications Options:**

Three IRS-compliant options are available to McCormick employees whose responsibilities meet Substantial Business Reason and who have available discretionary funding.

Eligible employees may select one option only:

**(1) Device only:** If discretionary funds are available, they can be used to purchase the device only. An Annual Mobile Communications Agreement form may be submitted to the McCormick Administration, Finance, Facilities & Planning Office for this purchase. Proof of payment for the device must accompany the request. The University sales tax letter may not be provided in conjunction with this purchase. Under this option, reimbursement for a mobile communication device will be reported as nontaxable income on the employee's W-2 form. The individual can be reimbursed for device + insurance. A new device can be funded in this way no more than every 24 months.

**(2) Monthly service expenses including the device:** Monthly service expenses including data service and network cards may be approved for payment against a discretionary account. The maximum nontaxable allowance for the service plan per McCormick policy is up to \$64 per month (\$768 per year). Including the purchase of a device, the total available allowance for service and device is up to \$1,200 annually, funded from an individual's discretionary account. An Annual Mobile Communications Agreement form may be submitted for the purchase of the device and service plan. Proof of payment for the device and a complete copy of the monthly service plan must accompany the request.

Under this option, reimbursement for mobile communication devices and service plans will be reported as nontaxable income on the employee's W-2 form.

**(3) Infrequent business expenses or regular expenses that exceed \$64 per month:**

If business expenses incurred by a personal device is either infrequent or regularly exceeds the allowance detailed in option (2), the employee may submit a request for reimbursement for business-related costs on the personal device, funded by the individual's discretionary account. Generally, this could apply to use of a personal device while traveling on business out of the country. A copy of the service plan bill, detailing the business-related individual charges and a statement of the business reason must accompany the reimbursement request. Expenses of this kind are nontaxable and should be submitted through the NUFInancials expense module.

**Purchasing Resources:**

To assist you in the process to select a cell phone provider, NU Purchasing Resource Services has identified preferred vendors or you may select another vendor of your choice. Full details can be found at:

<http://www.univsvcs.northwestern.edu/Purchasing/index.html>

Click on Purchasing Resource Services, and then click on preferred vendors.

**Submitting a Reimbursement Request:**

Submit the following to Matthew Tiede, McCormick Administration, Finance, Facilities & Planning Tech L364:

- Annual Mobile Communications Agreement
- Complete copy of monthly service plan
- Proof of payment for device e.g. itemized receipt

**Note that NU policy requires all mobile devices that use third-party networks to carry encryption software.**