

Kellogg School of Management
Mobile Phone and Internet Policy
Effective September 1, 2010
(DRAFT)

Effective January 1, 2009, Northwestern University implemented new guidelines for mobile communications that comply with new IRS regulations. Adherence to these guidelines is required by **September 1, 2010**.

The IRS cell phone policy is concerned with personal use of an item categorized by the IRS as “listed property.” “Listed property” includes items obtained for use in a business but designated by the Internal Revenue Code as lending themselves easily to personal use such as automobiles, computers, and entertainment or recreation-related items. Although use of cell phones is becoming the norm rather than the exception, especially as cell phone and service plan cost levels continue to decline, cell phones are categorized as listed property and are subject to IRS regulation. Legislation to remove cell phones from listed property is under consideration in Congress, but we believe it is unlikely that the substantive direction of IRS policy will change; at best it will only reduce our documentation burden.

The following policy has been set in conjunction with NU Central Administration and the other Schools of Northwestern.

Taxable Allowance for Employee-owned Device and Service Plan

Kellogg will provide a taxable allowance for mobile communication devices and service plans used for business purposes. Reimbursement for mobile communications devices and service plans will be reported as taxable income on the employee’s W-2 form. No record keeping of business and personal calls is required for the IRS or Kellogg purposes.

Before **July 31st** of every year, each employee must first complete a “Mobile Service Plan and Home Internet Annual Justification” form and submit (along with copy of a recent mobile communications service bill) to the Associate Dean, Finance and Planning, for approval. The approved reimbursement amount will be based on the employee’s estimate of the percentage of the bill attributable to business needs. Once approved, the Department Assistant should complete an Additional Pay Request form for the approved monthly amount, which will be in effect for the entire year. Faculty and staff may join the program using the same process at any time throughout the year.

Each approved user is responsible for purchasing their own mobile communications device and service plan. The cost of the device and the service must be within the annual maximums, as described below. Once purchased, the device is the personal property of the employee.

Home Internet Service

Home Internet service charges can be reimbursed if the service “is essential to the employee’s job duties and cannot be reasonably fulfilled with campus resources”. As with Mobile Communications, reimbursement for Home Internet is also taxable and will be included in the employee’s W-2 form. The request for reimbursement, along with a copy of a recent Internet bill, should be included with the “Mobile Device and Home Internet Annual Justification” form.

Annual Maximum Reimbursement

The maximum annual reimbursement limit for device purchase, service plan, and home internet expenses is \$1200, which will be grossed up by 32% to cover taxes. Exceptions must be approved by the Associate Dean, Finance and Planning.

Reimbursement for Occasional Business Use of a Personal Device

If you have need for occasional use of a personal device, such business calls may still be reimbursable. For example, if you take a personal cell phone on a Kellogg business trip and make business phone calls back to Kellogg, you may get reimbursed for such expenses if the Kellogg expense causes the employee to exceed his/her base plan (i.e. Kellogg does not pay for included minutes). Such reimbursement requests should be submitted on a standard T & E form. A copy of the service plan bill, detailing the business-related individual charges, must accompany the reimbursement request.

Internet Connectivity – Travel

Charges for Internet connections for business use at hotels, conference sites, airports and Internet cafes while traveling are reimbursable with receipts. File the reimbursement request as a T & E report.

Cellphone Purchasing Resources

To assist you in the process to select a cell phone provider, NU Purchasing Resource Services has identified 3 preferred vendors (AT&T, US Cellular, T-Mobile) or you may select another vendor of your choice. Full details can be found at

<http://www.northwestern.edu/userservices/purchasing>

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

Kellogg School of Management
Mobile Service Plan and Home Internet Annual Justification

To: Dean's Office

From: _____

Subject: Certification of Business Use for Mobile Communication Device and Service Plan, and Home Internet

Date: _____

- Attachments:
- 1) Copy of Service Plan Indicating Monthly Expense
 - 2) Copy of Home Internet Bill
 - 3) Completed Additional Pay Form(s)

I certify that the service plan and home internet are essential to this individual's effectiveness in the school because his/her duties require maintaining communication with university students, colleagues and external collaborators.

Reason(s) this device is required for University business: _____

Amounts for additional Pay:

Monthly Service Plan _____
% Business Use _____
Reimbursable Amount _____

Monthly Internet Charge _____
% Business Use _____
Reimbursable Amount _____

Taxable Monthly Additional Pay Amount: _____
Grossed up for Taxes (32%): _____

Individual Requesting Device and Date:

Print Name _____

Signature _____ Date _____

Associate Dean, Finance and Planning Approval and Date:

Print Name _____

Signature _____ Date _____

Kellogg School of Management
Mobile Device Justification

To: Dean's Office

From: _____

Subject: Certification of Business Use for Mobile Communication Device and Service Plan, and Home Internet

Date: _____

Attachments: 1) Itemized Receipt Indicating Payment of Device by Individual

I certify that the mobile communication device is essential to this individual's effectiveness in the school because his/her duties require maintaining communication with university students, colleagues and external collaborators.

Reason(s) this device is required for University business: _____

Amounts for additional Pay:

Device

Taxable One-Time Additional Pay Amount: _____

Grossed up for Taxes (32%) _____

Individual Requesting Device and Date:

Print Name _____

Signature _____ **Date** _____

Associate Dean, Finance and Planning Approval and Date:

Print Name _____

Signature _____ **Date** _____