

Coast Community College District ADMINISTRATIVE PROCEDURE

Chapter 6 Business and Fiscal Affairs

AP 6450 Wireless or Cellular Telephone Use

References:

Vehicle Code Sections 12810.3, 23123, and 23124;
Internal Revenue Code (I.R.C.) Sections 274(d)(4) and 280F(d)(4)

The Chancellor shall determine if it is in the best interests of the District to provide a cellular or wireless telephone to employees at District expense.

Cellular telephones provided by the District for compensatory reasons are classified by the Internal Revenue Service as a fringe benefit, the value of which must be included in an employee's gross income.

The value of a cellular telephone provided by the District primarily for non-compensatory business purposes is excludable from an employee's income. Employees will generally not be required to keep notes of business and personal use of District-issued cellular telephones when the telephones are issued for non-compensatory business reasons.

The value of the business use of a District-provided cellular telephone is excludable from an employee's income as a working condition fringe benefit to the extent that, if the employee paid for the use of the cellular telephone themselves, such payment would be allowable as a deduction under Income Tax Regulations Section 162 for the employee.

The District will be considered to have provided an employee with a cellular telephone primarily for non-compensatory business purposes if there are substantial reasons relating to the District's business, other than providing compensation to the employee, for providing the employee with a cellular telephone.

When the District provides an employee with a cellular telephone primarily for non-compensatory business reasons, the IRS will treat the employee's use of the cellular telephone for reasons related to the employer's trade or business as a working condition fringe benefit, the value of which is excludable from the employee's income and, will treat the value of any personal use of a cellular telephone provided by the employer primarily for non-compensatory business purposes as excludable from the employee's income as a de minimis fringe benefit.