

MAPP 03.02.04 Allowances for Communication Devices

Section Fiscal Affairs
Area Purchasing
Original 06/24/2009
Reviewed 04/29/2026



TEXAS SOUTHERN UNIVERSITY
**MANUAL OF ADMINISTRATIVE
POLICIES AND PROCEDURES**

I. PURPOSE AND SCOPE

This policy provides guidelines for the use allowances regarding cell phone and wireless communication devices. The Internal Revenue Service considers cell phones to be "Listed Property" and treats employer-provided cell phones and monthly charges paid by the employer to be taxable income to the employee unless the employee can show that the cell phone was exclusively used for business purposes pursuant to IRS Section 274(d)(4). The IRS can declare that all undocumented use of a cell phone is personal and treat the monthly cell phone charges as wages even if the calls were for business purposes.

Employees whose job duties include required use of a cell phone or wireless device may receive extra compensation in the form of a cell phone allowance as reimbursement for business-related costs of purchasing cell phones and paying monthly fees. Therefore, the University will provide an allowance to defray the business-related costs of a personal cell phone to those employees determined to have a University business need for cell phone service.

II. POLICY STATEMENT

This policy institutes an institutional allowance to cover presumed business use of a personal cell phone/wireless device for certain employees. The University will no longer purchase wireless devices for individual employee use. Employees whose duties include frequent need for a wireless device may receive extra compensation, in the form of a monthly allowance (taxable to the employee), to cover business related cost. Wireless device services for university personnel will be subject to the review and approval of the individual responsible for the overall budget management of the department.

III. DEFINITIONS

A. Communication Device: cellular phones, data card services, personal digital assistant (PDAs), BlackBerry devices, air cards or other telecommunication devices that have voice and/or data capabilities with a monthly service. This does not apply to pagers or mobile radios.

IV. PROVISIONS

- A. Communication Allowance for cell phones, personal digital assistant (PDA) or devices that allow for two-way communication and internet services.
 - 1. A department may elect to monetarily contribute to the employee's purchase and operation of a wireless communication device when such employee's job duties, in the opinion of the Vice President, necessitate the provision of such

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equipment. In such case, the monetary contribution shall be provided in one or both of the following forms:

- a. **Communication Equipment Allowance:** provides a periodic (no more often than once every three years) monetary contribution towards the employee's personal acquisition of a wireless communication device and payment of initial activation fees. A department shall process such allowance in accordance with guidelines established by the Payroll Department.
- b. **Monthly Communication Allowance:** provides a monthly salary supplement for the operation of a wireless communication device. Such supplement is provided to the employee for as long as the employee's Vice President determines he/she qualifies under this policy. An employee may only receive one salary supplement for a wireless communication device.

B. Communication Allowance Provisions

1. A wireless communication device is considered to be the personal property of the employee and accordingly shall be used in any way the employee deems appropriate. Any service contract the employee might enter into regarding the acquisition or operation of a communication device and/or internet service is personal to the employee. The university shall have no obligation or make any guarantees with respect to such contract to the employee or service provider.
2. Allowances paid to the employee are considered taxable compensation paid through the payroll system and accordingly are subject to required tax withholdings. Payment of such taxes incurred is the responsibility of the employee and shall not be reimbursed to the employee by the university. A Monthly Communication Allowance and a Communication Equipment Allowance are not considered entitlements, are not part of an employee's base salary, and may be changed or withdrawn by the university at any time.
3. The Vice President is responsible for approving/disapproving the recommendation by the Department Head for any employee receiving a Communication Allowance.
4. The Department Head is responsible for the following:
 - a. Determining whether the employee's position requires a wireless communication device based on the job duties and responsibilities.
 - b. Determining the source of funds to be used to pay for a

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communication device. (No **increase in budgets is allowed to fund this expenditure**)

- c. Determining the appropriate Communication Allowance for the employee within the monthly allowance amounts approved and published by the university.
 - d. Approving a Communication Allowance Form to authorize this transaction. Copies of the approved form shall be retained in the employee's departmental personnel file. Annually, each department head shall evaluate the ability to continue to provide employees granted a Monthly Communication Allowance salary supplement in the context of its overall budget. A Monthly Communication Allowance salary supplement may be established at any time during a fiscal year and may be changed or withdrawn at any time for any reason by the department head.
 - e. Ensuring that the equipment upgrade allowance is issued only once every three years.
5. Employees are responsible for the following:
- a. Paying all amounts due as agreed between the employee and providers of communication device.
 - b. Providing the department with the current wireless communication number within five working days of activation.
 - c. Notifying the department head within five working days of inactivation of the device or service. An employee is prohibited from continuing to collect a Monthly Communication Allowance when the service or device is no longer active or needed for the performance of the employee's job responsibilities.
6. An employee receiving a Monthly Communication Allowance and/or a Communication Equipment Allowance from the university may not receive additional allowances for the same or similar equipment or service from another university department or another component university of the Texas Southern University.
7. Annually, the Purchasing Department will publish the Monthly Communication Allowance and the Communication Equipment Allowance rates. **Such amounts are not intended to fully reimburse the employee for their total out-of-pocket costs given that the device is expected to be used by the employee for both business and personal use.**