



News Essentials

[What's Hot](#)[News Releases](#)[IRS - The Basics](#)[IRS Guidance](#)[Media Contacts](#)[Facts & Figures](#)[Problem Alerts](#)[Around The Nation](#)[e-News Subscriptions](#)

The Newsroom Topics

[Electronic IRS Press Kit](#)[Tax Tips 2009](#)[Radio PSAs](#)[Fact Sheets](#)[Armed Forces](#)[Disaster Relief](#)[Scams / Consumer Alerts](#)[Tax Shelters](#)[More Topics..](#)**Issue Number: IR-2011-93**

Inside This Issue

IRS Issues Guidance on Tax Treatment of Cell Phones; Provides Small Business Recordkeeping Relief

WASHINGTON — The Internal Revenue Service today issued guidance designed to clarify the tax treatment of employer-provided cell phones.

The guidance relates to a provision in the [Small Business Jobs Act of 2010](#), enacted last fall, that removed cell phones from the definition of listed property, a category under tax law that normally requires additional recordkeeping by taxpayers.

The Notice issued today provides guidance on the treatment of employer- provided cell phones as an excludible fringe benefit. The Notice provides that when an employer provides an employee with a cell phone primarily for noncompensatory business reasons, the business and personal use of the cell phone is generally nontaxable to the employee. The IRS will not require recordkeeping of business use in order to receive this tax-free treatment.

Simultaneously with the Notice, the IRS announced in a [memo](#) to its examiners a similar administrative approach that applies with respect to arrangements common to small businesses that provide cash allowances and reimbursements for work-related use of personally-owned cell phones. Under this approach, employers that require employees, primarily for noncompensatory business reasons, to use their personal cell phones for business purposes may treat reimbursements of the employees' expenses for reasonable cell phone coverage as nontaxable. This treatment does not apply to reimbursements of unusual or excessive expenses or to reimbursements made as a substitute for a portion of the employee's regular wages.

Under the guidance issued today, where employers provide cell phones to their employees or where employers reimburse employees for business use of their personal cell phones, tax-free treatment is

IRS Resources

[Compliance & Enforcement](#)

[Contact My Local Office](#)

[e-file](#)

[Forms & Pubs](#)

[Frequently Asked Questions](#)

[News](#)

[Taxpayer Advocacy](#)

[Where to File](#)

available without burdensome recordkeeping requirements. The guidance does not apply to the provision of cell phones or reimbursement for cell-phone use that is not primarily business related, as such arrangements are generally taxable.

Details are in the memo and in [Notice 2011-72](#), posted today on IRS.gov.

[Back to Top](#)

Thank you for subscribing to the IRS Newswire, an IRS e-mail service.

If you know someone who might want to subscribe to this mailing list, please forward this message to them so they can [subscribe](#).

This message was distributed automatically from the mailing list IRS Newswire.
Please Do Not Reply To This Message.

Update your subscriptions, modify your password or email address, or stop subscriptions at any time on your [Subscriber Preferences Page](#). You will need to use your email address to log in. If you have questions or problems with the subscription service, please contact support@govdelivery.com.

This service is provided to you at no charge by the [Internal Revenue Service \(IRS\)](#).