

## **Tax Tip**

**Week of May 30, 2011**

### **Employer Provided Cell Phones**

If an employee is provided with a cellular phone or other handheld communication device to help carry out his or her duties, the business use is not a taxable benefit. If part of the phone use is personal, the employer has to include the value of the personal use in your employee's income as a taxable benefit. The value of the benefit is based on the fair market value of the service, minus any amounts reimbursed by the employee.

CRA does not consider the employee's personal use of the service to be a taxable benefit if all of the following apply:

- the plan's cost is reasonable
- the plan is a basic plan with a fixed cost
- the employee's personal use of the service does not result in charges that are more than the basic plan cost

Employers are responsible for determining the percentage of business use and any related taxable benefits. Since this can be a very detailed process, many employers make a reasonable attempt to determine personal usage without tracking every phone call.