

Revisions to U-M Tech Tools SPG

Effective January 1, 2025, [SPG 501.04 on Tech Tools: Cell Phones and Portable Electronic Resources](#), will be revised to include the following two modifications:

1) Internet connectivity fee—Under the former policy, U-M covered this fee on a tax-free basis only for those employees who were required to work from home at least 90 percent of their work time. This benefit was originally intended to include only a few employees. With the recent expansion of remote work, however, it has become overbroad and somewhat misleading. To provide clarity, this coverage is now limited to those positions that require urgent or emergency responses (e.g., IT technicians who are on call).

2) Cash stipends provided to employees to subsidize the cost of their cell phones when they're used primarily for business purposes—Under the previous policy, it was recommended that the schools, colleges, and units (SCUs) and their employees complete the verification statement to substantiate the business purpose. With increased IRS enforcement, however, U-M has been advised to require SCUs and their employees to complete this statement on an annual basis. Additionally, one month's receipt must be attached to prove that the stipends do not trigger compensation (i.e., the stipends are less than the actual cost of the use of the phones). This procedure should minimize any invasiveness to the SCUs and employees when under examination by the IRS.

If SCUs or employees prefer to forgo completing a form each year or attaching one month's receipt, they may include the stipends in the employees' wages by using earnings code TTA. To make the employees' tax neutral, SCUs may choose to gross up the payments to cover their taxes. The link to the gross-up calculator is included below. Based on a survey of the Big Ten Schools, this modification places U-M within the benchmark.

Modified documents include the SPG, FAQ, and the verification statement for cash stipends.

The Tax Team will be meeting with business and financial administrator groups to communicate these revisions. If you'd like to meet with the Tax Team or have any questions about the revised Tech Tool SPG, please email the team at: taxreporting@umich.edu.

[Gross Up Calculator Options | University of Michigan Finance](#)