



Jessie Dhami
Human Relations Director

HUMAN RELATIONS DEPARTMENT

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TO: Cell Phone Stipend Recipients
FROM: Jessie Dhami, Human Relations Director
DATE: September 15, 2023
RE: Taxes and Documentation

Recently, the Cell Phone Stipends underwent a change in regards to taxation. This change affects all employees, receiving stipend pay. Originally, the monies paid were included with all other taxable wages. As of August 1, 2023, the cell phone stipends were, and will continue to be, paid tax-free.

There are two (2) important factors to be considered due to this change: W-2 implications and IRS Regulations.

1. **For employees who received stipends with check dates 4/20/23 – 8/4/23:** Payroll cannot refund taxes, but your taxable wage base will be corrected with your W-2's issued in January. Your taxable wages will be reduced by the amount paid for check dates 4/20/23 – 8/4/23.
2. **For all employees receiving stipends:** In order to comply with IRS regulations, the City is obligated to collect documentation, to be submitted at regular intervals, that proves recipients have a cell phone and cell phone plan. The City plans to collect this documentation once per year with a date to be determined.

If you have questions, please contact Alison Arias, Darlene Ingersoll, or Jessie Dhami.

Thank you.

Jessie Dhami