MASILONYANA LOCAL MUNICIPALITY CELLPHONE ALLOWANCE POLICY

Policy: ……	**Effective Date: 01 July 2024**
Approved: 31 July 2013	**Review Date: May 2024**

1. OBJECTIVE

Council understands and appreciated that employees utilize their cell phones for business purposes so as for services to be delivered on a continuous basis. With the implementation of a cell phone allowance policy Council will have a universal tool to clearly define who is entitled to a cell phone allowance and how the costs will be met.

The policy will provide guidelines as to the attainment and management of the benefit of a cell phone allowance, so as to promote service delivery and ensure that services continue even when employees are not office bound.

Council will therefore pay a cell phone allowance to employees as determined by assessing an employee's individual needs.

2. SCOPE

This policy covers the usage of a cell phone allowance by permanent employees where the regular use of a cell phone is necessary to meet the

requirements of the job and is applicable to any official who has received approval from the Municipal Manager, based on the recommendation from the relevant head of department, for a cellular allowance.

3. TERMS AND CONDITIONS

3.1 Councillors are provided an allowance in terms of the Remuneration of Public Office Bearers Act 20 of 1998, as amended.

3.2 Managers and other personnel are provided an allowance in terms of the staff benefits provided by the Municipality and can be adjusted by the Municipal Manger on an annual basis if there is a need.

3.3 All councillors and officials must acquire their own cellular phone by means of a contract with cellular phone service provider.

3.4 The user may structure a cellular package that best suites his/her needs based on his/her personal circumstances.

3.5 The Municipality recognizes that cell phones are an extension of individuality and as such user is at liberty to enhance the choice of item through a cash contribution towards the upgrading of available models, currently limited to the extent of allowances received.

3.6 The user enters into an agreement/contract with a service provider of his/her choice and a copy of such agreement is furnished to the municipality for validation purposes.

3.7 The contract is between the user and the services provider and the user is liable for the payment thereof.

3.8 A cellular phone allowance that is effected through the payroll system is a taxable allowance and should not be construed as inclusive of a negotiated remuneration package.

3.9 The user may recoup depreciation chargers, wear and tear allowances on cellular phone item from taxable income on completion of yearly statutory tax returns.

3.10 The user is responsible for insuring the cellular phone against theft, loss or damage and ensures that the cellular phone is available for Council use purposes at all times, falling which the user will forfeit the allowance.

3.11 The allowance will not be granted to employees with no official authorization to acquire a cellular phone for official use.

3.12 The municipality will not be liable for any costs where an employee obtained a private cellular contract without prior official authorization.

3.13 Maintenance and insurance of cellular phone is for the cost of each user.

4. ACQUIRING ALLOWANCE BY OTHER PERSONNEL

4.1 Application must be in writing, with a proper and reasonable motivation, and should be directed to the relevant Head of Department.

4.2 The Head of Department has to consider the application and make a recommendation to the Municipal Manager.

4.3 The approved application by the Accounting Officer should be sent to the Human Resources Management Unit for implementation.

4.4 The HRM Unit will submit a letter to the Payroll Department notifying them to allocate the allowance on the user's salary as specified by the Accounting Officer's approval.

4.5 Prepaid facilities will be made available to certain members of the personnel where such is required and the Head of Department's approval will be required to that effect.

5. TAX IMPLICATIONS

5.1 Fixed monthly cell phone allowance is subject to employee's tax, on the same basis as the equivalent amount of, say, salary.

5.2 The employee is entitled to claim the cost of business calls against this allowance in the employees' annual tax return.

5.3 Section 8 of the Income Tax Act allows the employer to refund an employee for actual expenditure incurred as agent on behalf of the employer. This refund can be made on documentary proof of expenses actually occurred.

6. REVIEW

6.1 This policy is revised version of the existing policy, adopted by the Council in 2013, on the regulation of cellular phone allowances.

6.2 This policy will be reviewed annually or when there is a need to revise it based on the changes to legislation or the Municipality's circumstances.

7. Maximum Cellphone Allowances for Officials

Job Level	Fixed Amount
14	R1200
13	R1000
12	R800
OTHERS	R800

Authority

Policy Formulation: Director Corporate Services

Policy Authorisation: Council

Ownership & Maintenance: Director Corporate Services