

# ADMINISTRATIVE PROCEDURES



Procedure Number: 22-32

Effective Date: 06/11/2001

Revision Date: 11/01/2006

*C. Dubelton*  
County Administrator

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SUBJECT: **PERSONAL USE OF COUNTY VEHICLES**

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DEPARTMENT RESPONSIBLE: **All County Departments**

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## STATEMENT

Any County employee who is assigned a County-owned vehicle may be subject to taxation on the value of the employee's personal usage. This taxable fringe benefit must be reported on the employee's W-2 form. This procedure explains the annual reporting requirements, the maintenance of adequate annual records, and the steps to take when an employee returns a County-owned vehicle.

## II. ANNUAL REPORTING REQUIREMENTS

The value of personal usage for the period of November 1<sup>st</sup> of the prior year through October 31<sup>st</sup> of the current year will be reported as a taxable fringe benefit on the current year's W-2. The taxable fringe benefit for the last two months of the calendar year will be reported in the following year.

- A. County Departments are responsible for keeping track of those employees who use a County vehicle.
- B. Each November, the Financial Operations Division of the Department of Finance and Risk Management will provide the Departments with the following:
  - 1. Memorandum to Employees Using County Vehicles (Attachment 1), and/or a Memorandum to Elected Officials, (Attachment 2).
  - 2. General Rules and Requirements (Attachment 3).
  - 3. Vehicle Data Sheet (Attachment 4).
- C. The above three forms should be given to each County employee assigned a County vehicle, unless the employee qualifies for one of the following exceptions:
  - 1. The employee was issued a clearly marked police vehicle that was used for commuting because the employee was on call at all times for police emergencies. All other personal use was prohibited.

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2. A County law enforcement officer was issued an unmarked vehicle that was used for commuting directly from home to a stakeout site or emergency. All other personal use was incidental to law enforcement functions and was authorized by the Department. The use of an unmarked vehicle for vacation or recreation purposes cannot qualify as an authorized use. The law officer must meet the following criteria:
- a. Be employed on a full-time basis by a governmental unit that is responsible for the prevention or investigation of crimes involving injury to persons or property (including apprehension or detention of persons for such crimes).
  - b. Be authorized by law to carry firearms, execute search warrants and to make arrests (other than citizen's arrests) and who regularly carries firearms, except when working undercover.

The law enforcement officer may be an arson investigator if the investigator meets the above requirements.

- D. The employees need to complete the Vehicle Data Sheets and select the valuation method most advantageous to them. Elected Officials or "control employees", those employees whose earnings equal or exceed \$133,900 in 2006, cannot use the Commute Only Valuation Method. Employees electing to use the Annual Lease Value must obtain the Fair Market Value at the time the vehicle became available to the employee from any lending institution and find the corresponding Annual Lease Value on the Table provided in a current IRS Publication – 15B – Employer's Tax Guide to Fringe Benefits, Chapter 3.
- E. The Vehicle Data Sheets must be signed by the employee and the Presiding Judge, Department Director, or Authorized Signer (Administrative Procedure 22-10) then returned to the Financial Operations Division of the Department of Finance and Risk Management by the due date provided.

The value of the personal usage is added to the reportable federal, state, and social security wages. Social security taxes will be withheld from the paycheck as stated on Attachment 1.

### III. MILEAGE LOGS

If the Annual Lease Value Rule or the Cents-Per-Mile Rule is to be used, the employee must substantiate the total mileage and business mileage for the reporting period by maintaining a mileage log that includes the time, place, and purpose of each separate business trip. If the Commute Rule is to be used, the employee must substantiate the number of commutes to and from work for the reporting period by maintaining adequate records. The mileage log or employee substantiation must be submitted to the Department with the Vehicle Data Sheet. The Department must retain the mileage logs or employee substantiations for three calendar years after the W-2 year.

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**IV. COUNTY VEHICLE RETURNS**

When an employee returns a County vehicle or terminates employment with the County in possession of a County owned vehicle, it is the Department's responsibility to ensure that the employee completes a Vehicle Data Sheet for the current reporting period. The Vehicle Data Sheet must be signed by the employee and the Presiding Judge, Department Director, or Authorized Signer (Administrative Procedure 22-10) on the same day the vehicle was returned then forwarded to the Financial Operations Division of the Department of Finance and Risk Management.

For a terminating employee, social security taxes must be withheld from the employee's final payroll warrant issued by the Department of Finance and Risk Management. For an employee who continues to be employed by the County, social security taxes will be withheld from the employee's next payroll warrant.

If a Vehicle Data Sheet is not submitted, the Financial Operations Division of the Department of Finance and Risk Management will use the same amount that was reported on the previous year's W-2.

Attachment 1



# MEMORANDUM

## DEPARTMENT OF FINANCE & RISK MANAGEMENT

Date: November 27, 2006

To: Employees Using County Vehicles

From:

Subject: Tax on Commuting Use of County Vehicle

The IRS requires that any employee who drives in an employer-provided vehicle be subject to taxation on the value of the commuting use.

Attached you will find a Vehicle Data Sheet for the period \_\_\_\_\_ through \_\_\_\_\_. Please complete the information (Name, Employee Identification Number, Vehicle Make/Model, and Vehicle Plate No.) contained on this form, then determine the income for your personal use of County vehicles according to the method that is most advantageous to you.

A compilation of some general rules applicable to each of the three methods of determining income relative to the personal use of County vehicle is also attached.

Sign and date this form and submit it to your Presiding Judge, Department Director, or Authorized Signer (Administrative Procedure 22-10) for signature. (County departments are to coordinate the return of all Vehicle Data Sheets to me by \_\_\_\_\_.)

All applicable social security taxes will be withheld from one of your paychecks issued in \_\_\_\_\_. All of this imputed income will be reported as taxable income on your W-2 Form for \_\_\_\_\_.

If you have any questions about this matter, please call 740-8357.

**Attachment 2**



# MEMORANDUM

## DEPARTMENT OF FINANCE & RISK MANAGEMENT

**Date:** November 27, 2006

**To:** Elected Officials

**From:**

**Subject:** Tax on Personal Use of County Vehicle

Attached is a Vehicle Data Sheet for the period \_\_\_\_\_ through \_\_\_\_\_. Please complete the information (Name, Employee Identification Number, Vehicle Make/Model, and Vehicle Plate No.) contained on this form, then determine the income to your personal use of County vehicles according to the method that is most advantageous to you.

Sign and date this form and return it to me by \_\_\_\_\_.

A compilation of some general rules applicable to each of the two methods of determining income relative to the personal use of County vehicles is also enclosed. The Commute Only Method may not be used.

All applicable social security taxes will be withheld from one of the paychecks issued in \_\_\_\_\_. All of this imputed income will be reported as taxable income on your W-2 Form for \_\_\_\_\_.

If you have any questions about this matter, please call 740-8357.

**Attachment 3**

**GENERAL RULES AND IRS REQUIREMENTS**

1. Annual Lease Valuation Method

A. Rules:

County policies notwithstanding, the Federal government places no restriction on personal usage.

The original fair market (Blue Book) value of a vehicle when the vehicle is given to the employee for use is used as the basis for determining the Annual Lease Value.

B. Record Keeping Requirements:

For the period 11/1/\_\_\_-10/31/\_\_\_ and all subsequent reporting periods, you must substantiate both total and business mileage by maintaining adequate records, such as trip logs.

You should keep other's usage of your assigned vehicle to a minimum as the total mileage only you have logged on the vehicle will be a factor in determining imputed income. If others must use your vehicle for business purposes, adequate records substantiating this usage must be maintained.

C. Imputed Income Calculations:

$$ALV \times \frac{\# \text{ of personal miles}}{\# \text{ of total miles}} = X$$

$$$.055 \text{ (for gasoline)} \times \# \text{ of personal miles} = Y$$

$$\text{Imputed Income} = X + Y$$

2. Cents – per- Mile Valuation Method

A. The Federal government places no restrictions on personal usage.

The vehicle must be either regularly used for government purposes or driven 10,000 miles or more annually.

Once adopted for a given vehicle, this method must be used for all subsequent tax reporting periods.

B. Record Keeping Requirements:

For the period 11/1/\_\_\_-10/31/\_\_\_ and all subsequent reporting periods, you must substantiate both total and business mileage by maintaining adequate records, such as trip logs. Personal mileage will then be computed by subtracting business mileage from total mileage.

You should keep other's usage of your assigned vehicle to a minimum as the total mileage only you have logged on the vehicle will be a factor in determining your personal mileage. If others must use your vehicle for business purposes, adequate records substantiating this usage must be maintained.

C. Imputed Income Calculations:

$$$.445 \times \# \text{ of personal miles} = X$$

3. Commute Only Valuation Method

A. Rules

The Federal government restricts personal usage to commuting to and from work only. No other personal usage is allowed.

One commute is a one-way drive either from home to work, or from work to home.

Responding to an emergency call from your home is considered to be a commute. Driving home from the emergency is another commute.

This Method may not be used by Elected Officials or those employee whose earnings for 2006 equal or exceed \$133,900.

B. Record Keeping Requirements:

For the period 11/1/\_\_\_-10/31/\_\_\_ and all subsequent reporting periods, you must substantiate the number of commutes to and from work by maintaining adequate records, such as a calendar, time sheets, etc. You must also maintain a record of commutes involving responses to emergencies from home.

C. Imputed Income Calculations:

$$\$1.50 \times \# \text{ of one-way commutes} = X$$

**Attachment 4**

**VEHICLE DATA SHEET**

From 11/01/\_\_\_\_ To 10/31/\_\_\_\_

\_\_\_\_\_  
Employee's Name (Please Type or Print)

\_\_\_\_\_  
Employee Identification Number

\_\_\_\_\_  
Vehicle Make & Model

\_\_\_\_\_  
Vehicle License Plate Number

PLEASE COMPLETE ONLY ONE OF THE FOLLOWING SECTIONS

A. Annual Lease Valuation Method

1. ALV of \$ \_\_\_\_\_ x \_\_\_\_\_  $\frac{(\# \text{ of personal miles})}{(\# \text{ of total miles})}$  = \$ \_\_\_\_\_

2. \$.055 (for gas) x \_\_\_\_\_  $(\# \text{ of personal miles})$  = + \_\_\_\_\_

3. Income (total #1 + #2). = \$ \_\_\_\_\_

B. Cents-per-mile Valuation Method

1. \$.445 \_\_\_\_\_ x \_\_\_\_\_  $(\# \text{ of personal miles})$  = \$ \_\_\_\_\_

C. Commuting Only Valuation Method

1. \$1.50 \_\_\_\_\_ x \_\_\_\_\_  $(\# \text{ of commutes})$  = \$ \_\_\_\_\_

\* PLEASE REMEMBER THAT THERE ARE AT LEAST 2 COMMUTES PER WORK DAY.

\_\_\_\_\_  
SIGNATURE – EMPLOYEE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE -  
PRESIDING JUDGE,  
DEPARTMENT DIRECTOR,  
OR AUTHORIZED SIGNER  
(Administrative Procedure 22-10)

\_\_\_\_\_  
DATE