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Subject: Employer Provided Vehicles

Providing a company-owned vehicle to an employee is considered a taxable fringe benefit for federal income tax purposes. The company is allowed to deduct all costs associated with the operation of the vehicle including depreciation, repairs, maintenance, insurance, and gasoline costs. The employer is required to calculate the personal use value of the vehicle and include amount in the employee's wages.

EMPLOYEE INCOME

The following amounts will be included in the total, if applicable:

- Annual Lease Value - The value of the use of the auto will be calculated by using the annual lease value tables established by the IRS. The lease value is determined by the fair market value of the vehicle provided to the employee adjusted for the percentage of personal use by the employee for the year.
- Gasoline Value - If the employer pays for the employee's fuel cost, we will include fuel at a rate of 5.5 cents per mile for any personal miles reported by the employee (including commuting).

DOCUMENTATION

The above vehicle policy for employer-provided vehicles will generate the lowest after-tax cost to the employee. **However, the employee must provide an accounting to the employer of all mileage for the year.** Please make a copy of the attached form for each employee who is provided a company car.

EMPLOYER PROVIDED VEHICLE(S) INFORMATION

Company Name: _____

Employee Name: _____

Vehicle Description: _____

Total Purchase Price (if bought in the current year): _____

Total Miles Driven for the Year: _____

Business Miles Driven: _____

Commuting Miles Included in Total Miles: _____

Number of Days Vehicle Utilized by Employee: _____

For new automobile leases, please provide the following:

Monthly Lease Payment: _____

Capitalized Cost (FMV) of Vehicle: _____

Total Payments Made: _____