

2021 Vehicle Policy and Income Inclusion Guide

Employer policies regarding use of company vehicles

1) Policy prohibiting all personal use of company vehicles

Management has adopted the following policy regarding personal use of company-owned vehicles:

- Vehicles owned or leased by this company are to be used solely for company business. There shall be no personal use of the vehicles (including commuting to and from work). Individuals driving company vehicles may have occasions where an incidental stop is necessary between business stops. Such use shall not be considered a violation of this policy.
 - The company requires that vehicles not in use shall be parked in designated areas on the company's premises. No personal items are to be stored in the vehicles. Company materials and supplies are to be secured in the trunk or in lock boxes, or within the company's offices.
 - Keys are to be returned to _____ upon the close of business each day.
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2) Policy prohibiting all personal use of company vehicles except commuting

Management has adopted the following policy regarding personal use of company-owned vehicles:

- For business reasons, certain employees have been designated to drive a company-owned vehicle to and from their residence. This shall be the only authorized personal use of the vehicle. Individuals driving company vehicles may have occasions where an incidental stop is necessary between business stops. Such use shall not be considered a violation of this policy.
- The company requires that no personal items other than incidentals be stored in the vehicle. The vehicle is to be locked when not in use with work articles stored either in the lock box or trunk during times when the vehicle is not in use.
- The company will compute a daily value for the commuting which will be included in the employee's Form *W-2, Wage and Tax Statement*, at the end of the calendar year. Such amount will be the minimum allowed by federal income tax laws.

Note: IRS regulations require the company to maintain evidence which would enable the IRS to determine whether use of the vehicle is in accordance with a policy maintained by the company.

2021 Vehicle Policy and Income Inclusion Guide

Employer policies regarding use of company vehicles *(continued)*

3) Policy regarding cut-off date to calculate the value of personal use of company-owned vehicles

Management has adopted the following policy regarding computation of the taxable value of the personal and commuting use of company-owned vehicles:

- The personal and commuting use of company vehicles will be computed for the 12 months ending _____ (October 31, November 30 or December 31).
- Annually, the company requires you to provide a complete accounting of the personal use of the vehicle as of _____. The taxable value of the personal use will be computed using the least costly method allowable by tax law.
- This income will be considered paid as of _____ and federal, state and local income taxes (if appropriate) and Social Security/Medicare tax withholding will be deducted from your _____ paycheck.

Or

- The taxable value and related withholding tax will be reflected on your Form W-2. Please address your questions to _____.
- The company may elect to withhold only Social Security/Medicare taxes. If so, the paragraph should read as follows:

This income will be considered paid as of _____ and Social Security/Medicare withholding taxes will be deducted from your _____ paycheck.

2021 Vehicle Policy and Income Inclusion Guide

Employee representation regarding use of company vehicle

- ▶ The IRS generally requires that written records be maintained to document the business use of vehicles. Since the company policy requires employees to maintain the detailed records, please provide answers to the following questions. If you were provided more than one vehicle that was used during the year, you need to prepare a separate statement for each vehicle.

The completed form must be returned no later than ___/___/___ or 100% of the value of the use of the vehicle will be included in your Form W-2 income.

Description of vehicle _____

Reporting period from _____ to _____

Odometer reading: beginning _____ ending _____

▶ Employee representation

Yes No

1. Was the vehicle available for your personal use during off-duty hours?

2. Did you have another vehicle available for your personal use?

3. Are you an officer or 1% or more owner of the business?

4. How many commuting round trips did you make in this vehicle? _____

5. For the reporting period specified above, please provide the number of miles for each of the following categories:

Commuting miles _____

Other personal (non-commuting) miles _____

Total commuting and other personal miles _____

Total business-use miles _____

Total miles _____

6. Did the employer pay the cost of fuel consumed by this vehicle?

Employee signature

Date