

Take Home Vehicle Policy

Effective: July 1, 2008

Per the IRS, if an employer –provide vehicle is used for both business and personal purposes; substantiated business use is not taxable to the employee. Personal use is taxable to the employee as wages.

What is Personal Use?

As defined by the IRS:

The following are examples of taxable personal use of an employer-provided vehicle:

- Commuting between residence and work station, and vacation, weekend use, or use by spouse or dependents.
- The employee goes into the office on the weekend. This is personal commuting, regardless of whether it is required by the employer.

How is the taxable amount calculated?

This is **NOT** allowed for elected officials, all other employees are allowed to use this calculation.

Commuting Valuation Rule

Personal use for commuting can be valued at **\$1.50** each way if:

- The vehicle is owned/leased by the employer;
- The vehicle is provided to the employee for business use; and
- The employer requires the employee to commute in the vehicle for a valid non-compensatory business reasons
- Employer has a written policy prohibiting personal use other than commuting, and
- Employee does not use the vehicle for other than de minimis personal use

Note: The employer must require the employee to use the vehicle for a business purpose; it cannot be voluntary on the employee's part.

Vehicle Cents-Per-Mile Rule

This calculation is used for **elected officials**.

The vehicle must meet one of the following tests:

- It is regularly used (50% or more each year) in the employer's business, or is
- Generally used each workday to transport at least 3 employees to and from work, In an employer sponsored commuting vehicle pool, or is
- Driven by employees at least 10,000 miles per year

Computation

Multiply the standard mileage rate by number of personal miles driven. If fuel is NOT provided, the standard mileage rate can be reduced by up to 5.5 cents. This amount is included as a wage for the employee.

Qualified Nonpersonal Use Vehicle

An unmarked vehicle used by law enforcement officers if the use is officially authorized is excludable to the employee.

Unmarked law enforcement vehicles are qualified nonpersonal use vehicles only if the following apply:

- The employer must officially authorized personal use
- Personal use must be incident to use for law-enforcement purposes; i.e.: no vacation use
- The employer must be a governmental unit responsible for prevention or investigation of crime.
- The vehicle must be used by a full-time law enforcement officer – authorized to carry firearms, execute warrants, and make arrests. The officer must regularly carry firearms, except when it is not possible to do so because of the requirements of undercover work.

Town vehicles may not be used for personal use other than commuting to and from work. These vehicles are for business use only.