

FINANCIAL SERVICES

Office of Payroll Management

Taxable Use of Employer-Provided Vehicles

This regulation supersedes Regulation 5660.4

I. PURPOSE

To establish procedures relating to the taxation of employees who are authorized to use Fairfax County Public Schools (FCPS)-provided vehicles for commuting between home and work and to set forth guidelines for employees to report commuting use of FCPS-provided vehicles.

II. SUMMARY OF CHANGES SINCE LAST PUBLICATION

This regulation has been changed in its entirety.

III. BACKGROUND

Internal Revenue Service (IRS) regulations require that the value of commuting use of employer-provided vehicles be added to wages on which federal, state, and Federal Insurance Contributions Act (FICA) taxes are levied. For an employee determined to be a "control employee," as defined by the IRS, the amount added to taxable wages for commuting use of an FCPS-provided vehicle is determined by the Automobile Lease Value Rule. For all other employees using an FCPS-provided vehicle for commuting, the amount added to taxable wages for commuting mileage is computed using the Commuting Valuation Rule.

IV. GUIDELINES

Unless otherwise documented in an employment contract, FCPS does not authorize employees to use FCPS-provided vehicles for personal use other than commuting and de minimis personal use, such as a stop for lunch between two business calls.

V. REPORTING

Any employee who has use of an FCPS-provided vehicle and who uses that vehicle for commuting between home and work is responsible for providing accurate documentation of that use to the Office of Payroll Management, as outlined in paragraphs V.A. and V.B. The Office of Payroll Management will distribute the appropriate form (see Attachments A and B) to employees identified as having use of an FCPS-provided vehicle. The form must be completed and returned to the Office of Payroll Management by the end of the month following separation from service with FCPS or discontinued use of the vehicle or by December 1 if the employee is continuing employment with FCPS. The Office of Payroll Management shall include the value of the commuting use of the vehicle as taxable wages

for federal and state income tax purposes on the employee's W-2 tax form. The commuting value shall also be included in FICA (Social Security and Medicare) taxable wages on the employee's W-2 form. If the FICA wage base has not been exceeded, FICA taxes will be withheld as required; however, FCPS has elected not to withhold federal and/or state income taxes on the value of the commuting use of a vehicle.

A. Annual Lease Valuation Form (use Attachment A)

Employees determined to be "control employees" as defined by the IRS who have use of an FCPS-provided vehicle must complete and submit the Annual Lease Valuation form (Attachment A) to report their total annual mileage and annual commuting mileage.

B. Annual Commuting Valuation Form (use Attachment B)

For bona fide noncompensatory school business reasons, FCPS requires selected employees to commute to and/or from work in an FCPS-provided vehicle. These employees must complete and submit the Annual Commuting Valuation form (Attachment B) to report the number of days the vehicle was used for commuting and the taxable commuting value.

VI. EXEMPTIONS

Buses, maintenance vehicles, and security vehicles are exempt from this regulation.

Attachments

ANNUAL LEASE VALUATION FORM
(Submit no later than December 1)

To: Department of Financial Services
Office of Payroll Management
8115 Gatehouse Road, Suite 2200
Falls Church, VA 22042

From: _____
(Name) (Work Location)

(Employee ID Number) (Title)

NOTE: Separate forms must be submitted for each vehicle used during the calendar year. Employees should report the exact number of days the vehicle was used for travel between home and work during the period January 1 through November 30 and should report an estimated number of days for the vehicle to be used during December.

(Year, Make, and Model of Vehicle) (Date Acquired)

Total annual mileage = _____ miles.

Round-trip mileage between home and work = _____ miles.

Number of days in calendar year 20__ vehicle was used in commuting to and from work ____.

Commuting Mileage = _____ miles.

(Round-trip mileage between home and work **X** number of workdays = Commuting Mileage)

Certification

I understand that the value of my commuting use of Fairfax County Public Schools (FCPS)-provided vehicles will be included in taxable wages on my Wage and Tax Statement (W-2) for federal and state income tax purposes and that FCPS has elected not to withhold income taxes on the value of the commuting use of the vehicles. I also understand that if I have not exceeded the maximum annual FICA deduction, the valuation amount will be included in FICA wages on my W-2 form and FICA (Social Security and Medicare) taxes on this amount will be withheld from my December pay.

I understand that the determination of value for income tax purposes will be made by multiplying the annual lease value of the FCPS-provided vehicle from the IRS Annual Lease Value Table by the percentage of total use devoted to commuting miles. The basis for determining the annual lease valuation amount to be added to taxable wages is the purchase cost of the vehicle to FCPS including tag and title fees.

I certify that the information submitted on this certificate is true, correct, and complete to the best of my knowledge and belief.

Signature Date

ANNUAL COMMUTING VALUATION FORM
(Submitted no later than December 1)

To: Department of Financial Services
Office of Payroll Management
8115 Gatehouse Road, Suite 2200
Falls Church, VA 22042

From: _____
(Name) (Work Location)

_____ (Employee ID Number) _____ (Title)

NOTE: Separate forms must be submitted for each vehicle used during the calendar year. Employees should report the exact number of days the vehicle was used for travel between home and work during the period January 1 through November 30 and should report an estimated number of days for the vehicle to be used during December.

At the end of 20____, I will have used my Fairfax County Public Schools (FCPS)-provided vehicle _____ days, out of a possible 260 workdays, at a value of \$3.00 per day for a total taxable commuting value of \$_____.

Certification

I understand that the value of my commuting use of FCPS-provided vehicles will be included in taxable wages on my Wage and Tax Statement (W-2) for federal and state income tax purposes and that FCPS has elected not to withhold income taxes on the value of the personal use of the vehicles. I also understand that if I have not exceeded the maximum annual FICA deduction, the valuation amount will be included in FICA wages on my W2 form and FICA (Social Security and Medicare) taxes on this amount will be withheld from my December pay.

I understand that the determination of value for income tax purposes is made by multiplying \$3.00 per day (IRS specified commuting value) for every day I commute to and from work in a vehicle provided by FCPS.

I certify that the information submitted on this certificate is true, correct, and complete to the best of my knowledge and belief.

Signature Date