Vehicles

Section: Fringe Benefits  Number: 66.600
Title: Vehicles

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POLICY

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POLICY

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**.100 POLICY STATEMENT**

Employee's personal use of an employer-provided vehicle is a taxable fringe benefit to the employee. The taxable benefit is subject to income tax, social security tax and medicare tax withholding and is processed through payroll with regular monthly earnings. As a result, the employee's earnings statement reflects additional income, tax withholdings and reduced net earnings. The additional taxable income and tax withholdings attributable to the personal use of a vehicle is also included in the employee's Form W-2.

This policy supercedes FASOM Section 10.94: Compensation -- Fringe Benefits -- Vehicles. No substantive changes were made to the content of this policy.

**.110 POLICY RATIONALE**
OUS seeks to ensure that the policies and procedures related to an employee's personal use of an employer-provided vehicle are documented, communicated, clearly understood, and consistently applied.

.120 AUTHORITY

- ORS 351.085 - Duties and Powers of Chancellor
- ORS 352.002 - Oregon University System
- Internal Revenue Code § 132
- Internal Revenue Service Publication 535, Business Expenses

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Published in the OUS Financial Administration Standard Operating Manual (FASOM) December 1, 2000. Reformatted in the Fiscal Policy Manual (FPM) format and approved by the Associate Vice Chancellor for Finance and Administration/Controller on July 7, 2010. No substantive changes were made to the content of this policy.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor’s Office and institutional personnel with payroll, human resources, travel, and related responsibilities should be knowledgeable of this policy.

.170 CALCULATION OF TAXABLE BENEFIT

The Internal Revenue Service (IRS) generally allows the following methods to calculate the value of personal use of an employer-provided vehicle. Each method has different rules prescribing when and how to use them. Consult IRS Publication 535 for specific instructions.

[1] General Valuation Rule

Benefit value is the amount the employee would have to pay a third party to lease the same or similar vehicle on the same or comparable terms in the same geographic area where the employee uses the vehicle.

[2] Annual Lease Valuation Rule

Benefit value is measured by an Annual Lease Value Table based on the fair market value (FMV) of the vehicle. Although these values are calibrated for an annual benefit, it is acceptable to prorate based on monthly usage. Personal usage is based on a proration of personal miles to total miles. The annual lease value does not include fuel, so if the employer also provides fuel, an additional amount must be added to the benefit value.

[3] Cents-Per-Mile Rule
Based on a standard mileage rate set by the IRS. This method cannot be used for "luxury" vehicles. The IRS defines a luxury vehicle as one with a FMV in excess of a certain amount which is indexed annually. The value of fuel is included in the standard mileage rate, so if the employee pays for fuel the valuation rate may be reduced by an amount set by the IRS.


For cars where commuting to and from work is the only personal use allowed. $1.50 one way or $3.00 round trip.

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

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<th>Subject</th>
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<tr>
<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
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<tr>
<td>General questions from institutional central administration and Chancellor's Office personnel</td>
<td>Chancellor's Office - Controller's Division</td>
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.695 HISTORY

12/01/2000 - Approved for FASOM

07/07/2010 - Reformatted for Fiscal Policy Manual

Policy Last Updated: 07/07/10

APPENDIX

None