

County-Owned Vehicles Fringe Benefit Reporting Policy and Procedure

ALLEGHENY COUNTY



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ALLEGHENY COUNTY

Policies and Procedures

County-Owned Vehicles Fringe Benefit Reporting Policy and Procedure

Policy Number: 0117

Date Issued: April 1, 2017

Date Revised:

This policy supersedes and replaces all previously issued policies related to County Owned Vehicles Fringe Benefit Reporting

I. Purpose:

The purpose of this policy is to ensure Allegheny County's compliance with Internal Revenue Service (IRS) regulations requiring employers to include personal use of County-owned vehicles in computation of employees' compensation.

In general, County-owned vehicles furnished to employees by Allegheny County are to be used only for official County business. This applies to both vehicles assigned to an employee on a regular basis (take-home) and County-owned vehicles available for use on a daily basis (pool cars).

II. Take Home Policy Statement:

Commuting, which is defined as traveling to and from work, is the only personal use of County-owned vehicles assigned to an employee on a regular basis that is permitted.

IRS regulations require that the value of an employee's personal use of an employer-provided vehicle be included in the individual's compensation. Since commuting is considered to be

personal use, the County is required to place a value on this type of usage and report this value on the employee's Wage and Tax Statement (Form W-2).

The value to be placed on commuting in a County-owned vehicle is \$3.00 per day, with the exception of Control Employees (refer to Section V of this policy for Control Employee requirements).

III. Pool Car Policy Statement:

Pool cars are available to County employees for use while conducting official County business, subject to approval and availability.

If a pool vehicle is used for commuting prior to or subsequent to a business use, that commuting valuation rule of \$3.00 per day applies to all individuals commuting in that vehicle. Commuting is defined as traveling to and from work and is the only personal use of County-owned vehicles that is permitted.

IV. IRS Commuting Exemptions:

IRS exemptions from commuting include:

1. Clearly marked police fire, or public safety officer vehicles
2. Unmarked vehicles used by law enforcement officers
3. An ambulance or hearse
4. A vehicle with a loaded gross vehicle weight over 14,000 pounds
5. Delivery trucks with seating for driver only or the driver plus a folding jumpseat
6. A passenger bus with capacity for at least 20 passengers
7. School buses
8. Tractors and special purpose farm vehicles
9. Qualified specialized utility repair trucks
10. Construction or specially designed work vehicles (i.e. bucket trucks, dump trucks, cement mixers, forklifts, garbage trucks).

Note: Employee(s) who believe they are exempt from taxation must discuss with their Department Director, and the Department Director must obtain **written authorization** from the County Manager (copies to Department Director and Controller's Office) for the exemption. Written authorization must be obtained on an annual basis.

In accordance with IRS regulations, in order for an employee who takes home a qualified specialized utility repair truck to claim an exemption from reporting requirements, the County must require the employee to be on call, and the exemption applies only to "be able to respond in emergency situations for purposes of restoring or maintaining electricity, gas, telephone, water, sewer, or steam utility services". This exemption excludes vans and pickup trucks.

In the case where an employee uses his/her personal vehicle for an emergency situation or an approved after-hours function or event, the employee will be reimbursed at the standard IRS mileage rate in effect.

V. Special Provisions - CONTROL EMPLOYEES

Control employees of Allegheny County are not entitled to use the \$3.00 per day method of calculating the personal use value of their vehicles, they must use the Annual Lease Value Computation. Please refer to Appendices D and E for computation methodology.

A control employee in a governmental organization is either an:

- Elected official; or an
- Employee whose compensation is at least as great as a Federal government employee at Executive Level V.

VI. Procedures:

Take Home Vehicle Procedure:

Each employee who is provided with a vehicle on a regular basis will be required to report their daily commuting mileage and the number of days the vehicle was driven to and from work on a monthly basis until or unless no longer using the vehicle or separating from County employment. Notification and proper documentation must be reported at the time of the commuting event. Reporting of this information should be done by the employee using Appendix B - Allegheny County Monthly Vehicle Usage Report. Every month, each Department's designated vehicle liaison will report commuting usage by all departmental employees to Human Resources on Appendix C – Reporting Form for Non-Elected Official or Employee.

Control Employee Procedure:

Each Control Employee must maintain and furnish to his/her department's designated vehicle liaison a written record of the business use of the County-provided vehicle in order to permit the calculation of the amount to be included as compensation on the individual's Form W-2. Additional information and appropriate forms for documentation may be obtained from the Department of Human Resources or the Department of Public Works, Fleet Management Division.

A control employee or an employee choosing to pay the lease cost of a vehicle provided by Allegheny County will not be subject to the provisions of this policy with respect to reporting the value of personal use of County vehicles on the control employee's or employee's Wage and Tax Statement (Form W-2) provided that adequate records of the vehicle's business use are maintained. In order to substantiate the individual's business use, a written record of business mileage is to be submitted to his/her department's designated vehicle liaison for processing on a monthly basis. This record should contain the date, business purpose, and the number of miles driven for each business use of the vehicle as well as the automobile's mileage at the beginning and end of each calendar year. Appendix C can be utilized for this purpose.

If records documenting business and personal mileage separately (Appendix E) are not provided by the employee, the value of **all** use of the automobile is wages to the employee, and the employee can take itemized deductions for any substantiated business use on Form 1040 Schedule A.

Pool Car Policy Procedure:

Any employee who utilizes a County pool vehicle while conducting County business and uses that vehicle for commuting purposes on any given day will be required to report that usage. Notification and proper documentation will be required at the time of the commuting event. Reporting of this information should be done by the employee using Appendix B - Allegheny County Monthly Vehicle Usage Report. Every month, each Department's designated vehicle liaison will report commuting usage by all departmental employees to Human Resources on Appendix C – Reporting Form for Non-Elected Official or Employee.

See Appendix A – **County-Owned Vehicles Fringe Benefit Reporting Procedure** for further information and guidance for reporting purposes.

VII. Reference/Background:

The purpose of this policy is to implement Internal Revenue Service (IRS) regulations requiring employers to include personal use of vehicles in computation of employees' compensation.

References

IRC Regulation 1.61-21	Taxation of Fringe Benefits
IRC Section 132	Certain Fringe Benefits
IRC Regulation 1.132-5	Working Condition Fringes
IRC Regulation 1.274-5T	Substantiation Requirements
IRS Publication 15-B	Employer's Guide to Fringe Benefits
IRS Publication 535	Business Expenses
IRS Publication 5137	Fringe Benefit Guide Office of Federal, State and Local Governments

Taxability at Federal, State, and Municipal Levels

The commuting value is subject to Federal, Social Security and Medicare taxes. It is exempt from Commonwealth of Pennsylvania taxation. Some municipalities also consider this value to be considered wages for local tax purposes. It is the employee's responsibility to determine if their municipality considers this benefit as compensation. Failure to adhere to the guidelines for usage or mileage reporting with respect to vehicles provided by Allegheny County may result in disciplinary action up to and including termination of employment.

VIII. Attachments:

- Appendix A – County-Owned Vehicles Fringe Benefit Reporting Procedure
- Appendix B – Allegheny County Monthly Vehicle Usage Report
- Appendix C– Reporting Form for Non-Elected Official or Employee – Take Home/Assigned Vehicle
- Appendix D – Federal Annual Lease Value Table
- Appendix E – Calculation of Compensation of County Vehicles for Control Employees

APPENDIX A

COUNTY-OWNED VEHICLES FRINGE BENEFIT REPORTING PROCEDURE

Purpose: To provide procedural guidance in the administration of Policy #0117 - **County-Owned Vehicles Fringe Benefit Reporting Policy and Procedure.**

It is the responsibility of each department, through a designated staff person(s) acting as the vehicle liaison, to provide appropriate documentation of the County-owned vehicle usage of all departmental staff, in order for the County to comply with IRS requirements for taxable income associated with the benefit of taking home a County vehicle overnight (commuting).

This documentation must be summarized and transmitted to Human Resources by the 10th of every month, for vehicle usage that occurred in the previous month (i.e., departmental vehicle usage in April 2017 must be reported to HR by May 10, 2017). Documentation should be sent to Patty Molnar, HR Financial Analyst via scan at Patricia.Molnar@alleghenycounty.us

Relevant Documents for Reporting Purposes (Attached):

- **Appendix B** - Allegheny County Monthly Vehicle Usage Report (this is a report of the monthly usage, by day, of each vehicle in the department hub/vehicle lot)
- **Appendix C** – Reporting Form for Non-Elected Official or Employee - Take Home/Assigned (this is a summary of all departmental vehicle usage in an Excel file format)

At the beginning of every month, the vehicle liaison should obtain the completed Vehicle Usage Monthly Report for the previous month from each vehicle used by department staff. These forms are maintained by the lot attendant(s) or designated manager of the vehicles within the department.

If any Vehicle Usage Monthly Report contains a “YES” in the column asking if the vehicle was taken home overnight (next to last column on the form), the vehicle liaison **MUST** complete Appendix C – Reporting Form for Non-Elected Official or Employee

Completion of Reporting Form for Non-Elected Official or Employee:

The Reporting Form is to be completed by the vehicle liaison when any vehicle has been taken home overnight by a department staff person.

The Reporting Form is an excel spreadsheet that contains formulas that will automatically calculate the taxable benefit to employees who have taken a vehicle home overnight (Column J); therefore, **DO NOT ENTER ANY DATA INTO COLUMN J.**

- Type the appropriate month-year into CELL B7 (after Month) at the top of the spreadsheet.
- Review each Monthly Vehicle Usage Report for the “YES” or “NO” responses in the next to last column

- If all of the responses in the next to last column are “NO”, type an “X” into the box at the top of the Reporting Form – no further information is required to be completed on the Reporting Form for that specific vehicle.
- If there are one (1) or more “YES” responses on any Monthly Vehicle Usage Report, the following information must be entered the Reporting Form for each vehicle with a “YES” response:
 - **Column A:** Department Name
 - **Column B:** Vehicle Number - this is the number at the top of the Monthly Vehicle Usage Report
 - **Column C:** Employee Number – this is the JDE address number of the employee who drove the vehicle home overnight. The JDE address number of any employee who was a passenger in the car that went home overnight must also be included, regardless of at which employee’s home the car was parked overnight.
 - **Column D:** Employee Name – the name of the driver, and of any passengers in a vehicle that was taken home overnight must be listed
 - **Column E:** Mileage – the number of miles the vehicle was driven (same as the Total Mileage Column on the Monthly Vehicle Usage Report
 - **Column F:** Date Vehicle Taken – the first day the vehicle was taken home overnight
 - **Column G:** Date Vehicle Returned – the date the vehicle was returned to the lot after being taken home overnight
 - **Column H:** Number of Days Vehicle Used – the number of “overnights” the vehicle spent at home
 - **Column I:** Taxable Benefit Rate – for 2017, this will always be \$3.00. Changes may be made in future years at the direction of the County Manager.
 - **Column J:** Total Taxable Benefit – do not enter/change data – this is the product of column H times Column I

When the Reporting Form has been completed, email scan it, along with the Monthly Vehicle Usage Reports for any/all vehicles to Patty Molnar. The Reporting Form and Monthly Vehicle Usage Reports should be sent to Patty regardless of whether or not any department vehicles were taken home overnight during the month.

Questions about the Monthly Vehicle Usage Reports housed in the vehicles should be directed to your responsible department manager or lot attendant, or to Mark Commendatore, Department of Public Works, Fleet Management Division at 412.350.7648 or Mark.Commendatore@alleghenycounty.us.

Questions about completion and submission of the Reporting Form should be directed to Patty Molnar at 412.350.5063 or Patricia.Molnar@alleghenycounty.us.
Orig. 3.17.17HR

APPENDIX B

MONTHLY VEHICLE USAGE REPORT

https://alleghenycounty-my.sharepoint.com/personal/laura_zaspel_alleghenycounty_us/_layouts/15/guestaccess.aspx?docid=10da9c1ab2aa14cfe94da7723772f5bf1&authkey=AbcCjTWi8j2gNFESoxhG_zA

Excel Online											
Zaspel, Laura											
Monthly Vehicle Usage Report - Appendix B											
A	B	C	D	E	F	G	H	I	J	K	
DEPARTMENT: FOR MONTH:											
\$3.00/day in taxable income will be assessed if vehicle is taken home. If not reported, penalties may apply.											
VEHICLE 8690 - LOCATION: ENTER LOT											
Date Taken	Print Employee Name and T# . Include names of all employees riding in vehicle	Department	Beginning Odometer Reading	Ending Odometer Reading	Total Mileage	Destination (Be Specific) and Purpose of Trip			Was vehicle taken home after working hours? YES or NO. If NO, provide location to which vehicle returned		Date Returned
									YES	NO	
Form must be completed EVERY time this vehicle is taken from the lot/location. Form will be provided to:						Signature of responsible departmental designee below verifies information contained on this form is true and correct					

APPENDIX D

FEDERAL ANNUAL LEASE VALUE TABLE

Appendix D: Federal Annual Lease Value Table			Annual
Automobile Fair Market Value			Lease
(1)			Value
			(2)
\$0 to	999	.....	\$600
1,000 to	1,999	.....	850
2,000 to	2,999	.....	1,100
3,000 to	3,999	.....	1,350
4,000 to	4,999	.....	1,600
5,000 to	5,999	.....	1,850
6,000 to	6,999	.....	2,100
7,000 to	7,999	.....	2,350
8,000 to	8,999	.....	2,600
9,000 to	9,999	.....	2,850
10,000 to	10,999	.....	3,100
11,000 to	11,999	.....	3,350
12,000 to	12,999	.....	3,600
13,000 to	13,999	.....	3,850
14,000 to	14,999	.....	4,200
15,000 to	15,999	.....	4,350
16,000 to	16,999	.....	4,600
17,000 to	17,999	.....	4,850
18,000 to	18,999	.....	5,100
19,000 to	19,999	.....	5,350
20,000 to	20,999	.....	5,600
21,000 to	21,999	.....	5,850
22,000 to	22,999	.....	6,200
23,000 to	23,999	.....	6,350
24,000 to	24,999	.....	6,600
25,000 to	25,999	.....	6,850
26,000 to	27,999	.....	7,250
28,000 to	29,999	.....	7,750
30,000 to	31,999	.....	8,250
32,000 to	33,999	.....	8,750
34,000 to	35,999	.....	9,250
36,000 to	37,999	.....	9,750
38,000 to	39,999	.....	10,250
40,000 to	41,999	.....	10,750
42,000 to	43,999	.....	11,250
44,000 to	45,999	.....	11,750
46,000 to	47,999	.....	12,250
48,000 to	49,999	.....	12,750
50,000 to	51,999	.....	13,250
52,000 to	53,999	.....	13,750
54,000 to	55,999	.....	14,250
56,000 to	57,999	.....	14,750
58,000 to	59,999	.....	15,250
For vehicles having a fair market value in excess of \$59,999, the Annual Lease Value is equal to: (.25 x the fair market value of the automobile) + \$500.			

APPENDIX E

Calculation of Compensation of County Vehicles for Control Employees

1. **Name of Employee:** _____
2. **Description of Vehicle:** _____
3. **Fair Market Value of Vehicle:** _____
4. **Number of days' vehicle available during quarter:** _____
5. **Commuting/Personal Miles:** _____
6. **Business Miles:** _____
7. **For Quarter ending** _____

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Annual Lease Value	Personal Use Percentage	Annual Compensation Amount	Quarterly Value	Availability Compensation Quarter	Quarterly Compensation	Operating Expenses	Total Compensation

- (A) **Annual Lease Value:** See attached “Annual Lease Value Table” Appendix D
- (B) **Personal Use Percentage:** Divide #5 (Commuting/Personal Miles) by the sum of #5 (Commuting/Personal Miles) + #6 (Business Miles)
- (C) **Annual Compensation Amount:** Multiply A (Annual Lease Value) x B (Personal Use Percentage)
- (D) **Quarterly Value:** Multiply C (Annual Compensation Amount) x 25% (0.25)
- (E) **Availability Compensation Quarter:** Divide #4 (Number of Days Vehicle Available during Quarter) by the number of calendar days in the quarter.
- (F) **Quarterly Compensation:** Multiply D (Quarterly Value) x E (Availability Compensation Quarter)
- (G) **Operating Expenses:** Multiply #5 (Commuting/Personal Miles) by 0.055.
- (H) **Total Compensation:** Add F (Quarterly Compensation) + G (Operating Expense)