



Office of the State Comptroller
PAYROLL BULLETIN

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| Subject Procedures for Determining and Reporting the Value of Personal Use of Employer Provided Vehicles | Bulletin No. P-456 |
| | Date November 22, 1985 |

Bulletin P-443 issued July 29, 1985 contained a general explanation of the IRS Regulations regarding taxation of the value of personal use of State provided vehicles.

The IRS has recently made one change for 1985 and subsequent years. Under the revised regulations, an employer may treat the value of the benefits provided during the last two months of the calendar year as paid during the subsequent calendar year. New York State will adopt this procedure. Therefore for 1985, we will report the value of the personal use of a vehicle for the period January 1 to October 31. In 1986 and subsequent years, the value of the benefit will be for the period November 1 to October 31.

Determining the Value of Personal Use
of a Vehicle for State Employees

1. State officers who have an automobile for unrestricted use.

Budget Policy and Reporting Manual item D-750 (issued 4/10/84) contains the State Policy for use of passenger vehicles. Under paragraphs 4 and 7 the following officers are allowed unrestricted use of their automobile.

- a. Elected officials: (Class IV Vehicles)
- b. Officials of Cabinet Rank, namely, the Secretary to the Governor, the Counsel to the Governor, heads of departments (other than Audit and Control and Law) and heads of agencies as listed in the Executive Law §169, subdivisions (a) through (d) and such other agency heads as specified by the Director of the Budget: (Class III Vehicle)
- c. Other commissioners or officials of equivalent rank, and heads of State Medical and University Centers, four-year colleges and specialized colleges, including the agricultural and technical colleges: (Class II Vehicle). Existing and future permanent assignments of automobiles to these officials require the specific approval of the Director of the Budget. Staff members of the Executive Chamber may be assigned automobiles of this class subject to the specific approval of the Secretary to the Governor.

These officers, and officers of the Legislature and the Judiciary if there is no restriction on personal use of an automobile, may not use the special commuting rules but must determine the value of the benefit using the annual lease value rule as described in Bulletin P-443 pages 4 and 5.

In determining the taxable and lease value:

- a. For assistance in determining the fair market value of an individual's automobile, you may contact Thomas E. Kieper, Office of General Services, Fleet Management at 457-1744.
- b. The Officer must provide a statement of the total miles driven and the total miles for personal use (including commuting to and from the Office) for the period January 1 through October 31.
- c. The value of State provided gasoline may be determined in two ways.
 - a. 5.5¢ per mile of personal use, or
 - b. If the actual cost of gasoline for the period is known, multiply the percentage of personal use times the total cost.
- d. If the individual has a chauffeur or other driver a reasonable value must be determined and included for the personal miles, if applicable.

2. State employees provided a vehicle for commuting only.

A State employee (1) provided a State-owned vehicle to drive to and from work for valid business reasons (lack of space to store the vehicle, for the ability to respond to emergency calls, security of the vehicle, etc.) and (2) prohibited from using the vehicle for personal use may use the Special rule where commuting is valued at \$3.00 per work day.

The types of vehicles listed on page 2 of Bulletin P-443 are exempt from taxation. An employee provided with any other type of vehicle is subject to taxation on the commuting value. To determine the value for the year (through October 31, 1985),

- a. The employee must report the number of actual days during the period when a vehicle was driven to and from work.
- b. Multiply the number of days X \$3.00.

3. Field employees

Paragraph 7 of the Budget Policy Manual prohibits the personal use of vehicles by other State employees, including commuting from home to Office unless incidental to a field trip or other official business. Therefore these employees are not subject to taxation.

A form similar to the sample attached to this Bulletin should be completed and signed by each employee covered by the Regulations and retained by the agency.

REPORTING THE VALUE OF PERSONAL USE OF A VEHICLE

The taxable value of use of an employer provided vehicle is subject to income and Social Security taxes and must be reported as income on the W-2. Although New York State will not withhold for income taxes, Social Security tax must be withheld. The amount is not considered salary for the purposes of computing retirement benefits.

A new transaction code-FRINGS BEN-has been established for reporting the information for active employees.

Transaction Code: FRINGS BEN

Group 3
Class B

Block Requirements: 01 thru 06 and the following

07 Transaction Code ; - FRINGS BEN
49 Mics Block A - Taxable Amount

Do not include the Fringe Benefit amount in:the Gross (Add). It is not an amount to be paid, but only reported as gross income. The Fringe Benefit information must be in the Miscellaneous Blocks; do not report it in Remarks.

In processing, the taxable amount will be added to Biweekly Gross, prior to the calculation of Social Security tax, and the tax will be computed on the full amount, if the employee has not paid the maximum tax.

The amount will be shown on the check stub in the ADDT'L SAL INFO block with the code TFB and will be included in YTD GROSS. It will also appear on the salary register and in the YTD GROSS and in YTD Fringe Benefits on the YTD Summary.

The taxable amounts for 1985 must be reported in Institution Period 18-Lag and Administration Period 18-Lag and 19-Current as described below.

1. Active Employees

PR-75's reporting the taxable value should be submitted.

2. Inactive Employees

Do not submit PR-75's. Prepare a letter including the line number, name, SS#, and taxable amount for each employee and submit the letter with your payroll for the period.

If additions or adjustments must be made for 1985 after the payroll period listed above, do not submit PR-75's. Contact Tom Mazzaferro of the Payroll Planning Unit at 474-1247. These adjustments must be received and processed by this Office prior to the production of 1985 W-2's in January, or you will have to prepare amended W-2's.

STATEMENT OF PERSONAL USAGE
FOR STATE PROVIDED VEHICLES

AGENCY CODE _____

LINE NUMBER _____

EMPLOYEE NAME _____

SOCIAL SECURITY # _____

ANNUAL LEASE VALUE METHOD

YEAR MAKE MODEL _____ = AUTOMOBILE FAIR MARKET VALUE

TOTAL MILES _____ PERSONAL USAGE BUSINESS MILES

ANNUAL LEASE VALUE \div $\frac{\text{BUSINESS MILES}}{\text{TOTAL MILES}}$ = AMT. FOR BUSINESS USE

GASOLINE CALCULATION 5.5¢ x $\frac{\text{BUSINESS MILES}}{\text{TOTAL MILES}}$ = \$ AMT. OF GASOLINE

OR

$\frac{\text{TOTAL COST OF GASOLINE}}{\% \text{ OF PERSONAL MILES}}$ X $\frac{\text{BUSINESS MILES}}{\text{TOTAL MILES}}$ = \$ AMT. OF GASOLINE

\$ ANNUAL LEASE VALUE - \$ BUSINESS USE + \$ AMT. OF GASOLINE + CHAUFFEUR AMT. = \$ TAXABLE FRINGE BENEFIT AMT.

SPECIAL COMMUTING RULE

NO. OF DAYS COMMUTING X 3.00 DAY = TAXABLE FRINGE BENEFIT AMT.

TO EMPLOYEE

COMPLETE AND SIGN THIS FORM AND RETURN IT TO YOUR PERSONNEL OFFICE

EMPLOYEE SIGNATURE/DATE _____

PERSONNEL - ENTER "TAXABLE FRINGE BENEFIT AMOUNT"
IN BLOCK 49 WHEN PREPARING THE PR-75.
RETAIN THIS FORM FOR YOUR RECORDS.

