

## Vehicle Non-Cash Fringe Benefits Reporting Requirements

The focus of this letter is regarding use of employer-provided highway motor vehicles. Please use this as a working tool in your business and contact us if we can further assist you in complying with the rules and regulations in this complex area. Compliance with the tax laws for fringe benefits is very important and the government can assess harsh penalties and interest for any deficiencies that may arise due to non-compliance.

In general, the law requires certain reporting when you provide an employee with a vehicle, including a requirement that a dollar figure be reported to the employee as a taxable fringe benefit in their W-2.

The employer is required to annually provide notification to the employee of the following:

1. The particular valuation rule the employer intends to use for that year (the method used determines what documentation is needed to substantiate the declared usage);
2. The substantiation requirements for which the employees are responsible, (it is the employee's responsibility to submit substantiation), and;
3. The effect on the employee of a failure to comply with the substantiation requirements.

The employer may add the value of fringe benefits to regular wages for a payroll period and calculate withholding taxes on the total or can withhold Federal income tax on the value of the fringe benefits at the 22 percent rate presently applicable to supplemental wages.

There are options available as to when the fringe benefits are calculated and reported. We have generally found it most convenient for employers to treat the deemed payment on an annual basis with the October 31<sup>st</sup> cut-off date, usually in the last pay period of the calendar year. Once payment dates for fringe benefits are elected, payroll taxes are required to be deposited under the general deposit rules.

There are three methods available to calculate employee fringe benefits for employer-provided vehicle use: the commuting value method, the vehicle cents-per-mile method, and the automobile lease value table method.

The following Fringe Benefit Vehicle Information Sheet should be completed for each employer-provided vehicle. We can compute the most advantageous allowable method and provide you with the non-cash fringe benefit amount to be included in each employee's W-2. Please contact us if you would like assistance with your plan documentation, employee notification requirements, or the withholding and tax deposit requirements.

## Fringe Benefit Vehicle Information Sheet 2023 Year

This information will be used to determine the valuation for the personal use of the employer owned automobile. Please complete a separate sheet for each employee for the 12 month period ended December 31, 2023 or alternatively November 1, 2022 thru October 31, 2023; must be applied consistently.

Cut-off period elected as October 31, 2023 unless December 31, 2023 is noted

Employee Name			
Social Security No.			
		Auto 1	Auto 2
Vehicle Make			
Vehicle Model			
Vehicle Year			
Months during the year auto available to employee			
Original vehicle cost, if less than 4 years old	\$		\$
Fair market value of vehicle, if more than 4 years old	\$		\$
If leased, provide actual monthly lease cost	\$		\$
Total business miles			
Total personal miles			
Total miles driven			
Total miles driven for commute			
Percentage of company owned by employee			
		Yes/No	Yes/No
Is the vehicle electric?			
Is employee an officer of the corporation or a "control employee"?			
Did employer pay for insurance?			
Did employer pay for maintenance?			
Did employer pay for fuel?			
Is there a written policy which limits this employee to use the employer provided vehicle for commute only?			
Did the employee pay the company back for use of and/or fuel for the vehicle?			
Odometer reading - beginning of year			
Odometer reading - end of year			