

CHAPTER 36
PERSONAL USE OF A STATE VEHICLE
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CHAPTER 36

PERSONAL USE OF A STATE VEHICLE

1. GENERAL INFORMATION.

a. Taxation of Noncash Fringe Benefits. Under Internal Revenue Service (IRS) and state regulations, the Department is required to include the value of all personal use of a state-provided vehicle on the employee's Form W-2, Wage and Tax Statement. Employees who use state vehicles that are not exempt under government regulations are liable for federal and state income tax and, where applicable, social security tax for the vehicle usage. The regulations define commuting between an employee's home and a work site in a state vehicle as a benefit subject to taxation.

b. Employees Subject to Tax Regulations.

(1) Constitutional officers and departmental directors who are permanently assigned a state vehicle.

(2) Employees who, because of work assignments, are allowed to store a state vehicle at their home or nearby vicinity under the Home Storage Permit Program (refer to the State Administrative Manual, Section 4109).

(3) Employees whose use of a state vehicle includes regular or occasional commuting whether or not a home storage permit has been issued.

c. Employees Exempt from Tax Regulations. Employees using the following vehicles are exempt from the regulations:

(1) Clearly marked police, fire, medical, and emergency vehicles that because of their nature or characteristics are unlikely to be used more than a minimal amount for personal purposes.

(2) Unmarked law enforcement vehicles used by law enforcement officers for commuting to and from their work site, if authorized by the Department.

(3) State vehicles used intermittently for incidental personal use while on official travel status.

(4) State vehicles for commuting in official commuting van pools because the commuters pay a portion of the commuting costs.

(5) Specially modified and equipped vans for motor carrier program inspections that because of their nature are unlikely to be used more than a minimal amount for personal use.

2. VALUATION OF PERSONAL USE.

a. If an employee does not qualify for one of the exemptions listed in paragraph 1.c., the value of an employer-provided vehicle used for commuting or other personal use must be included as compensation under IRS and state regulations.

b. Commuting Valuation Rule. If the only personal or nonbusiness use of an employer-provided vehicle is commuting, a special rule is provided whereby commuting is valued at \$3.00 a day for each day the vehicle is used for commuting. Commuting use is valued at \$1.50 per one-way commute (e.g., from home to work or from work to home) or \$3.00 per round trip.

c. Vehicle Cents-Per-Mile Rule. The Fair Market Value (FMV) and Federal Standard Mileage Rate (FSMR) may change annually and can be found in the Payroll Procedures Manual (PPM), Section N, Non Uniform State Payroll System and Fringe Benefits/Employees Business Expenses. The PPM, Section N is available on the State Controller's Office (SCO) Web Site at https://www.sco.ca.gov/Files-PPSD/PPM/PPM_Section_N_NonUSPS-FB-EBEs_2018_0427.pdf.

(1) The cents-per-mile method of valuing personal miles cannot be used if the vehicle is not used regularly (50 percent by mileage) in the employer's business, **or** driven less than 10,000 miles per year, **or** has an FMV greater than the annually established level for this rule.

(2) The FSMR is multiplied by the number of miles driven for personal purposes. The result equals the reportable/taxable value. Value may be reduced by the FSMR per mile when fuel is provided by the employee.

(3) The cents-per-mile method would be favorable over the \$3.00 per day rule only if the commute is very short. For example, if the FSMR was \$.545 per mile, persons who commute 20 miles per day would be required to report \$10.90 (\$.545 cents x 20 miles), which would be more expensive than the \$3.00 per day method.

3. REPORTING REQUIREMENTS.

a. Responsibility. Division Chiefs are responsible for informing impacted employees of the federal and state tax regulations and to ensure monthly reports are submitted for personal use of nonexempt vehicles.

b. Monthly Reporting.

(1) The Department is required to report employee use of state vehicles to the SCO monthly. Personnel and Training Division, Human Resources Section (HRS), Personnel Transactions Unit (PTU), is responsible for combining information received from all commands for submission to SCO.

(2) A STD. 676V, Non-USPS Adjustment Request–Values, shall be completed by each affected employee/command to report the value of employer-provided vehicles used for commuting. The completed STD. 676V shall be submitted to and received in HRS, PTU **no later than the 4th business day of the month following the end of each pay period, with the exception of the November pay period.**

NOTE: Noncash taxable fringe benefits are reported under a Special Accounting Period of December through November. A STD. 676V shall be completed for the November pay period and should be received in HRS, PTU no later than the first business day of December to ensure accurate wage reporting on the Form W-2.

c. Completing the STD. 676V, Non-USPS Adjustment Request–Values. The STD. 676V shall be typewritten or completed in ink; forms completed in pencil will not be accepted. The form is available on the Department of General Services Web site at <http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std676V.pdf> as a fill and print form. **Employees shall complete only the items indicated below; the remaining items shall be left blank.**

(1) Box A-Item Code. Enter “CP.”

(2) Box B-Item Description. Enter “Personal Use of State Vehicle.”

(3) Box C-Tax Year. Enter the current tax year.

(4) Box D-Page. Enter “1 of 1.”

(5) Column 1-Social Security Number. Enter the employee’s social security number.

(6) Column 2-First Initial, Last Name. Enter the employee’s first initial and last name. **The employee shall sign the form on the last line of Column 2.**

(7) Column 3-Agency. Enter the appropriate agency code: nonuniformed personnel-388; uniformed personnel-389.

(8) Column 4-Unit. Enter the command's location code.

(9) Column 5-Pay Period. Enter the two-digit month and two-digit year for the current pay period (e.g., 06/18 for June 2018).

(10) Column 6-Gross Amount Subject To Withholding. Enter the amount to be added to the gross wages on the employee's Form W-2.

(a) Commuting Valuation Rule. The number of full days of personal use multiplied by \$3.00 = amount; or the number of times (one way) used multiplied by \$1.50 = amount.

(b) Vehicle Cents-Per-Mile Rule. The number of miles used per month multiplied by the FSMR = amount (the FSMR may change annually).

d. Tax Withholding for November Pay Period. Federal or state taxes will not be withheld by SCO for the amount to be added to gross wages on Form W-2 for the value of the use of a state-owned vehicle for the November pay period. It will be the employee's responsibility to pay taxes on the amount added at the time the employee files a tax return. For example, if the employee is in the 20 percent bracket for federal taxes, the employee will have an extra \$.60 due for each \$3.00 added to gross wages.

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