

## **City of West Lafayette Take Home Vehicle Policy**

In compliance with current IRS rules, the City of West Lafayette adopts the following policy regarding the use of city owned or leased vehicles.

### **Non-Control Employees**

#### **Personal Use Vehicles**

Only employees who reside in Tippecanoe County and are required to use a vehicle owned or leased by the City for commuting to and from work shall be eligible to be assigned a take-home vehicle. The personal use of the vehicle for commuting shall be valued using the IRS Commuting Valuation Rule at \$1.50 each one-way commute. A round-trip commute for a work day is valued at \$3.00. An employee will reimburse the City through payroll deduction for the value of commuting in a take home vehicle at the value set by the IRS Commuting Valuation Rule. commuting use that is fully reimbursed will not be reported as a taxable fringe benefit.

All other personal use is prohibited. Being on 24-hour call is not an exemption to the prohibition on personal use.

An employee using a take home vehicle must make monthly reports as follows: (1) The daily commute usage shall be reported to the Clerk-Treasurer each month for payroll purposes. (2) A mileage log shall be maintained by the employee to document mileage for commuting and other use. The mileage log shall be submitted to the employee's department head. The department head shall maintain the mileage log file for audit.

#### **Non-Personal Use Vehicles**

An employee who is required to commute in a non-personal use vehicle is exempt from the Commuting Valuation Rule. Use of qualified non-personal use vehicles for commuting and other allowable authorized purposes is considered a working condition benefit and is not taxable to the employee. Non-personal use vehicles are defined by the IRS and include clearly marked police and fire vehicles and unmarked vehicles used by a law enforcement officer for officially authorized purposes.

### **Control Employees**

An employee who is provided a vehicle owned or leased by the City shall have the value of the use of the vehicle determined using the IRS Lease Value Rule. The Board shall approve the annual lease value based on the IRS Annual Lease Value Table applicable to automobiles in the current year IRS Publication 15-B, Employers Tax Guide to Fringe Benefits. The annual lease value shall be reduced by the percentage use by mileage of the vehicle for business purposes. All mileage will be considered personal unless a mileage log is maintained to document mileage for personal and business use. For personal use, fuel provided by the City will be valued at 5.5 cents per mile, or the actual value of fuel purchased outside the City and either reimbursed or charged to the City. On an annual basis, employees will report mileage as of November 30 year-to-date on the fifth business day in December. A taxable fringe benefit equal to the prorated annual lease value and fuel for personal use will

be recognized as taxable compensation in payroll. The take home vehicle taxable fringe benefit will be reported as gross compensation to the employee subject to federal, state, and local income tax and FICA. The IRS Special Accounting Rule will be used to account for the value of the take home vehicle in December as paid in the next year.

**General Requirements**

An employee will be required to sign the Take-Home Vehicle Policy certifying that he or she has read it and agrees to the terms. Lack of compliance with the policy will result in all mileage being considered personal for tax purposes. In addition, any violation of this policy may result in disciplinary action and the employee will be subject to having the use of a take home vehicle revoked.

Take home vehicles will be approved by the Mayor in consultation with Department Heads and approved by the Board of Public Works and Safety annually in January, and at such times as necessary during the year.

An employee not authorized to have a take home vehicle may operate a City owned or leased vehicle only as assigned by the employee's supervisor in the course of work duties and during work hours. Personal use is prohibited.

