

**PERSONAL USE OF BUSINESS VEHICLES**

The value of personal use to be included as wages to the employee or reimbursed to the company from the employee may be determined as follows:

- A. To determine the basic value of the vehicle, first determine the “Annual Lease Value” of the vehicle based on the table below. The vehicle’s fair market value is usually its cost. This value may be re-determined after its first four years of service by an employee. Multiply the “Annual Lease Value” by the percentage of personal use.
- B. To determine the value of gasoline, oil, etc., multiply the total personal miles driven by 5.5 cents per mile.
- C. Add the amounts obtained in 1 and 2 above to arrive at the total value. This amount is to be included in compensation (subject to social security and Medicare withholding only) or reimbursed to the company.

If you have any questions related to employee use of company vehicles, please contact us.

**ANNUAL LEASE VALUE TABLE**

<b><u>Vehicle Fair Market Value</u></b>	<b><u>Annual Lease Value</u></b>	<b><u>Vehicle Fair Market Value</u></b>	<b><u>Annual Lease Value</u></b>
\$ 0 – 999	\$ 600	\$21,000 – 21,999	\$ 5,850
1,000 – 1,999	850	22,000 – 22,999	6,100
2,000 – 2,999	1,100	23,000 – 23,999	6,350
3,000 – 3,999	1,350	24,000 – 24,999	6,600
4,000 – 4,999	1,600	25,000 – 25,999	6,850
5,000 – 5,999	1,850	26,000 – 27,999	7,250
6,000 – 6,999	2,100	28,000 – 29,999	7,750
7,000 – 7,999	2,350	30,000 – 31,999	8,250
8,000 – 8,999	2,600	32,000 – 33,999	8,750
9,000 – 9,999	2,850	34,000 – 35,999	9,250
10,000 – 10,999	3,100	36,000 – 37,999	9,750
11,000 – 11,999	3,350	38,000 – 39,999	10,250
12,000 – 12,999	3,600	40,000 – 41,999	10,750
13,000 – 13,999	3,850	42,000 – 43,999	11,250
14,000 – 14,999	4,100	44,000 – 45,999	11,750
15,000 – 15,999	4,350	46,000 – 47,999	12,250
16,000 – 16,999	4,600	48,000 – 49,999	12,750
17,000 – 17,999	4,850	50,000 – 51,999	13,250
18,000 – 18,999	5,100	52,000 – 53,999	13,750
19,000 – 19,999	5,350	54,000 – 55,999	14,250
20,000 – 20,999	5,600	56,000 – 57,999	14,750
		58,000 – 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 vehicle fair market value) + \$500.

Example:

A vehicle with a fair market value of \$12,600 on January 1, 2018 is driven a total of 16,000 miles in 2018, of which 4,000 miles were for personal purposes. The amount of wages to be included in the employee's wages for 2018 would be \$1,120 computed as follows:

1. The "Annual Lease Value" for this vehicle per the above table is \$3,600 and the vehicle was used for personal purposes for 25% (4,000/16,000 miles) of the time. Therefore, the basic value of the vehicle to be included in income is \$900 ( $\$3,600 \times 25\%$ ).
2. The amount to be included in income for the value of gasoline, oil, etc. is \$220 (4,000 miles x 5.5 cents).
3. The total income to be included is \$1,120 ( $\$900 + \$220$ ).