Sangamon County
Policy on Reporting Personal Use of County Vehicles

Purpose: The purpose of this policy is to facilitate and ensure compliance with IRS regulations by establishing County-wide requirements for reporting commuting and other personal use of County vehicles.

Effective Date: June 1, 2008

Guidelines: The regulations of the Internal Revenue System (IRS) require the County to treat the fair market value of an employee's personal use of County vehicles as a taxable fringe benefit, which must be included in the employee's gross income and be subject to withholding for Federal income taxes and Social Security. Personal use of a vehicle is defined as any use for purposes other than official County business. Specifically, use of a County vehicle to commute to work would be considered personal use by the IRS.

1. As a general policy statement, the use of County vehicles is restricted to official County business. Employees permanently assigned vehicles for approved noncompensatory business reasons, however, may use such vehicles to commute between their work location and residence and for minimal use incidental to commuting such as stops for personal errands on the way between the work location and residence. Such personal use is considered a taxable fringe benefit, unless one of the following two exclusions apply:

    a. County vehicles not likely to be used more than minimally for personal purposes due to their design (such as clearly marked police vehicles, dump trucks, etc.) are classified by the IRS as "qualified non-personal use vehicles." They are not subject to IRS fringe benefit requirements and individuals permanently assigned such vehicles are <u>excluded</u> from the reporting requirements of this policy.

    b. Individuals permanently assigned unmarked law enforcement vehicles who use the vehicle for commuting purposes are subject to income tax and FICA withholding and must comply with the reporting requirements of this policy unless <u>all</u> of the following criteria are met, in which case they are <u>excluded</u> from reporting:

        i. the employee assigned to use the unmarked vehicle is a full time law enforcement officer of a governmental unit that is responsible for preventing and investigating crimes involving injury to persons or property (including catching and detaining persons for these crimes);
        ii. the officer is authorized by law to carry firearms;
        iii. the officer regularly carries firearms, except when it is not possible to do so because of the requirements of undercover work;
        iv. the officer is authorized to execute search warrants;
        v. the officer is authorized to make arrests;
        vi. the officer's use of the unmarked vehicle is incident to law enforcement functions, such as being able to directly report from home to a stakeout or surveillance site, or to an emergency situation; and
        vii. all personal use of the unmarked vehicle is authorized by the department that employs the officer.

2. Upon adoption of this policy, and again each calendar year in early January, the Auditor's Office will provide forms to the heads of all departments/offices requesting them to identify the employees of their department with permanently-assigned vehicles, including unmarked law enforcement vehicles. Additionally, the Auditor's Office will provide department heads with forms to identify and certify those employees assigned unmarked law enforcement vehicles who meet all IRS conditions required for qualified non-personal use vehicles. (Employees assigned vehicles to be used in covert or undercover operations should not be identified for this reporting purpose.) The completed forms must be returned to the Auditor's Office by 1st of the month following their distribution. Throughout the year, department heads must notify the Auditor's Office of changes in assignments of permanently-assigned vehicles. The Auditor's Office will maintain a listing of all approved permanent vehicle assignments.

3. Employees with permanently-assigned vehicles are responsible for maintaining records supporting the personal and business use of their assigned vehicle, and the dates and number of times the vehicle is used for commuting purposes. At the end of each of the County's fiscal quarters, the Auditor's Office will provide a Vehicle Usage Report Form for those employees to use to certify their vehicle usage and number of commutes for the quarter.

4. Employees' completion and submission of the required Vehicle Usage Report Forms to the Auditor's Office by the specified due dates is critical to the timely recording of wages/withholdings and preparation of W-2 forms. If a required form is not returned by the established due date, the fair market value of the commuting use of a permanently-assigned vehicle will be calculated using the maximum number of days the vehicle could have been used for commuting during the reporting period and added to the employee's wages. Employees failing to comply with this policy will be referred to their respective department head for discipline in accordance with either the Employee Handbook or applicable Collective Bargaining Agreement.

5. Whenever possible the IRS Commuting Valuation Rule will be used to calculate the fair market value of the personal use of County vehicles permanently-assigned to employees. The fair market value for each employee will then be added to their gross income and withholdings will be made for income taxes and Social Security. At year-end, wages and withholdings will be reported on each respective employee's W-2 form.

6. When working conditions dictate, department heads may authorize their staff to take an unassigned County vehicle home for the night. If an employee is authorized to commute in an unassigned vehicle more than one time per month, the commuting use of the unassigned vehicle is a taxable fringe benefit that must be reported to the Auditor's Office so that the fair market value of the vehicle's use may be added to the employee's income in accordance with IRS regulations.

Employee Services Committee

_____, Chairman

_____, Member

_____, Member

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Finance Committee

_____, Chairman

_____, Member

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_____, Member

_____, Member

_____, Member

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_____, Member

_____, Member

RECEIVED
MAY 19 2008
Paul Palazzolo
SANGAMON COUNTY AUDITOR

Quarterly Usage Report
Employees with Permanently-Assigned Vehicles

Reporting Period: ☐ December 1, 20 _____ through February 28, 20 _____
☐ March 1 through May 31, 20 _____
☐ June 1 through August 31, 20 _____
☐ September 1 through November 30, 20 _____

PART I: Confirmation of Personal and Vehicle Information

Name: _____ Department: _____

Residence: _____

_____

_____

_____

Vehicle Year: _____ Make: _____ Model: _____

Vehicle VIN#: _____

PART II: Mileage and Commuting Trip Information

Beginning Odometer Reading: _____ Ending Odometer Reading: _____

Total Miles for Reporting Period: _____

Total Business Miles: _____ Total Personal Use Miles: _____

One-Way Commute Miles: _____ Number of One-Way Commutes: _____

I understand the information provided above will be used to ensure compliance with IRS regulations regarding the personal use of the County-owned vehicle assigned to me during the reporting period and authorized to be used for commuting to work. I certify that the above information is true and correct to the best of my knowledge and that my assigned vehicle is used only for official County business and authorized commuting and minimal personal use incidental to commuting.

_____ _____
(Signature) (Date)