

Taxable Fringe Benefits: Employer Provided Vehicles

ROWAN UNIVERSITY POLICY

Title: *Auto Fringe Policy for Employer Provided Vehicles*

Subject: *Payroll Services*

Policy No: *FIN: 2015:21*

Applies: *University-Wide*

Issuing Authority: *Senior Vice President for Finance and CFO*

Responsible Officer: *Director, Payroll*

Adopted: *01/31/1993*

Last Revision: *10/31/2018*

Last Reviewed: *11/04/2022*

I. PURPOSE

The purpose of this policy is to ensure the University is in compliance with Federal Tax laws regarding non-cash benefits related to the personal use of Rowan University vehicles.

II. ACCOUNTABILITY

Under direction of the Senior Vice President for Finance and CFO, the Director for Payroll shall implement and ensure compliance with this policy.

III. APPLICABILITY

This policy applies to all employees who are provided a Rowan University owned vehicle for personal use.

IV. POLICY

1. Under Federal Tax Laws, the personal use of Rowan University provided vehicles is considered taxable wages and is subject to all appropriate income taxes. If an employee uses a Rowan University provided vehicle for both business and personal use, the employee must account for the business use to ensure that all required taxes are recorded and withheld.
2. The Internal Revenue Service's Code states that the personal use of an employer-provided vehicle and/or use of driver services are taxable to the employee as a non-cash fringe benefit.
 - a. Business use is determined by documenting mileage, time and place of travel, and purpose of the trip.
 - b. Any non-business usage is defined by the Internal Revenue Code as personal use, and must be included as income. Personal use includes commuting to and from work as well as personal travel.
3. Reporting Vehicle Usage
 - a. To ensure that timely and accurate information is included on each W-2, Rowan University employs the "Special Accounting Rule" for reporting this fringe benefit. This means that vehicle usage records are reported on a twelve-month period beginning November 1st each calendar year and extending through October 31st of the taxable year. For example, if the current taxable year is 20XX, the travel period is November 1, 20XX through October 31, 20XX, and this information is reported on 20XX W-2 document.
 - b. Employees provided University owned vehicles shall submit a [Statement of Employer Provided Vehicle Form](#) to Payroll Services to the Payroll Services Office by November 10 of each calendar

year. This log summarizes business and personal miles. If an employee separates from the University employment prior to November 1st, the mileage summaries must immediately be reported to Payroll Services on or before the date of separation. The vehicle usage form is also available in Payroll Services.

- c. Payroll Services will apply the personal use value to federal wages, Social Security wages, New Jersey wages, and/or Philadelphia wages.