I. Purpose

To establish procedures relating to the taxation of employees who are authorized to use employer-owned vehicles for commuting between home and work and set forth guidelines for employees to report personal use of employer-owned vehicles.

II. Background

The Internal Revenue Service (IRS) has issued rules regarding taxation of employees who use employer-owned vehicles. The rules affect School Board employees who are assigned School Board vehicles and use the vehicles to commute between home and work. The rules state that the value of the employee’s use of the vehicle must be added to wages upon which federal, state, and Federal Insurance Contributions Act (FICA) taxes are levied. The amount added to taxable wages for commuting mileage for any employee whose compensation exceeds that of federal employees at Executive Level V (as set by IRS annually) is determined by the annual lease valuation method as prescribed by IRS annually. For other employees, Prince William County Public Schools uses the commuting valuation method to tax commuting car use and adds $3 per day to the taxable wages of a person who uses a School Board-owned vehicle for commuting use.

III. Guidelines

Prince William County Public Schools does not authorize employees to use employer-owned vehicles for personal use other than commuting and de minimis personal use, such as a stop for lunch between two business calls. Persons who are occupying key staff positions are normally assigned employer-owned vehicles. For bona fide non-compensation school business reasons, Prince William County Public Schools requires selected employees to commute to and/or from work in the vehicle since the employee is considered “on call” 24 hours each day to deal with problems that arise outside normal working hours.

The value of the commuting use of the vehicle for federal and state income tax purposes will be included as taxable wages on the employee’s W-2 tax form. Prince William County Public Schools has elected not to withhold income taxes on the value of the use of a vehicle for commuting. The commuting value shall also be included in FICA (Social Security and Medicare) taxable wages on the employee’s W-2 form if the FICA wage bases have not been exceeded. FICA taxes must be withheld.
IV. Reporting

Any employee who is assigned a School Board-owned vehicle and who uses that vehicle for commuting between home and work is responsible for providing accurate documentation to the Office of Financial Services as listed below. This information (Attachment A or B) must be provided by the end of the month following separation from service with Prince William County Public Schools or discontinued use of the vehicle or by December 1 if the employee is continuing employment with Prince William County Public Schools. The Office of Financial Services shall enter the amount reported in the taxable wages of the employee. Appropriate deductions for FICA taxes (Social Security and Medicare) shall be made.

A. Annual Lease Valuation Form (Use Attachment A)

Employees whose compensation exceeds that of federal employees at the Executive Level V must complete the Annual Lease Valuation form (Attachment A). Employees must report total annual mileage, annual personal use, and commuting mileage on this form. The basis for determining the annual lease valuation amount to be added to taxable wages is the purchase cost of the vehicle to the School Board, including tag and title fees.

B. Annual Commuting Valuation Form (Attachment B)

A person who is assigned a Prince William County Public School vehicle must account for the commuting use of the vehicle. The Annual Commuting Valuation form (Attachment B) must be completed and submitted to the Office of Financial Services no later than December 1 of each year for the period November 1 through October 31. Employees should report the exact number of days the vehicle was used for travel between home and work during the period.

The Associate Superintendent for Finance and Support Services (or designee) is responsible for implementing and monitoring this regulation.

The Associate Superintendent for Finance and Support Services (or designee) is responsible for reviewing this regulation in 2016.
ANNUAL LEASE VALUATION
(To be submitted no later than December 1)

TO: Office of Financial Services

FROM: ___________________________
       (Name)
       ___________________________
       (Title)
       ___________________________
       (Social Security #)
       ___________________________
       (Work Location)

NOTE: A separate form must be submitted for each vehicle used during the calendar year.

____________________________________ __________________________
       (Year, Make, and PWCS Vehicle #)    (Date Acquired)

Total annual mileage = __________miles. (November 1, 20_____ - October 31, 20_____)

Round trip mileage between home and work = __________ miles.

Number of days in calendar year 20_____ that vehicle was used in commuting to and from work = ____________ days.

Commuting mileage = ___________ (round trip mileage x number of days).

Certification

I understand that the value of my commuting use of Prince William County Public Schools-owned vehicles will be included in taxable wages on my Wage and Tax Statement (W-2) for federal and state income tax purposes.

I also understand that the valuation amount will be included in Medicare wages and Social Security wages (up to annual limit) on my W-2 form. Medicare and Social Security taxes (if applicable) will be withheld from December pay or final pay if separated from employment.

The determination of value for income tax purposes will be made by multiplying the annual lease value of the Prince William County Public Schools-owned vehicle from the IRS Annual Lease Value Table by the percent of total use devoted to commuting/personal use.

I certify that the information submitted on this certification is true, correct, and complete to the best of my knowledge and belief.

_____________________________________ _____________________
       Signature         Date
ANNUAL COMMUTING VALUATION
(To be submitted no later than December 1)

TO: Office of Financial Services

FROM:

__________________________________________________________
(Name)

__________________________________________________________
>Title)

__________________________________________________________
(Social Security #)

__________________________________________________________
(Work Location)

I used a Prince William County Public School Board vehicle to commute to and from work for
__________ days during the period November 1, 20___ through October 31, 20___.

I understand that the above number of days, times the daily rate of $3.00 will be included on my
Wage and Tax Statement (W-2) for federal and state income tax purposes and that Social
Security and Medicare taxes will be deducted, if appropriate, during a pay period after October
31, but before December 31.

I certify that the information on this form is true, correct, and complete to the best of my
knowledge and belief.

_________________________  _______________________
Signature                  Date