

Employer-Provided Vehicle Usage Report Requirements

The fair market value of employer-provided vehicles and fuel is taxable income to employees to the extent the vehicle is used for other than business purposes. Employees with employer-provided leased or loaned vehicles will be required to furnish information monthly on all use of such vehicles.

1. The taxable portion on the value of non-business use will be included in the employee's next available on-cycle payroll. **Federal income tax will be withheld monthly and these amounts will be included on the employee's Form W-2 as taxable income.** Employees with a vehicle available for non-business use may wish to increase their withholding to cover any tax liability.
2. Legislation does **require withholding for OASI and MEDHI.** MEDHI will be deducted from the regular monthly on-cycle payroll gross pay . OASI will be deducted from the same check for those persons whose OASI base wage has not exceeded the maximum base wage established by the Social Security Administration.
3. In order for Payroll Services to calculate the taxable value attributable to non-business usage, a *Monthly Usage Report* (Attachment B, OP 80.06) must be completed for **each vehicle** provided to the employee during the preceding month. If there were times when the employee had no vehicle, those dates must be noted on the bottom of a reporting form so all days of the month are accounted for. Vehicle usage reports will be submitted monthly by the 15th of the following month for the preceding monthly accounting period or upon termination of employment and surrender of vehicle.
4. It is the employee's responsibility to keep records of beginning and ending mileage on any vehicle used, and all business and personal use of the vehicle. **Please note that commuting to and from work is not business use.** The employee records shall be the basis for completing the monthly Vehicle Usage Report, and shall be retained as substantiating evidence for the business usage claimed. It is the employee's responsibility to provide such evidence to the Internal Revenue Service in case of an audit.

Any additional tax assessment and penalties resulting from an audit will be the responsibility of the employee. This will include any taxes or penalties assessed to Texas Tech for under-reporting and under-withholding because an unsubstantiated report was filed by the employee.