

**COUNTY OF ORANGE, VIRGINIA  
PERSONNEL POLICIES MANUAL**

**VEHICLE TAKE-HOME POLICY AND PROCEDURE**

**POLICY NO.: 3.12**

**EFFECTIVE: 06/22/10  
REVISED:**

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**OVERVIEW:**

This administrative policy defines whether the use of County vehicles taken home by employees is taxable or non-taxable to the employee according to Internal Revenue Service (IRS) guidelines. It also establishes procedures for documenting business use of the vehicle and for calculating the taxable value of non-business mileage.

**SCOPE:**

This policy applies to all employees, including employees of the Constitutional Offices who are subject to the County's personnel policies.

**PROVISIONS:**

**VEHICLE ELIGIBILITY**

The process used to determine who is eligible to take a County vehicle home is outside the scope of this policy.

**VEHICLE USE POLICY**

1. Take-home vehicles may not be used for personal purposes other than commuting between work and home unless specifically authorized in writing by the Department Head or the Constitutional Officer.
2. The only authorized passengers in a County vehicle are other County employees while on County business and others engaged in advising on or assisting in matters related to County services or improvements. Employees assigned to take home vehicles will not transport any other passengers, including family and/or friends, at any time except when specifically authorized in writing to do so by the Department Head or Constitutional Officer.
3. Employees shall maintain a valid Virginia driver's license and operate the vehicle in accordance with all County and state laws. The vehicle is not to be operated while under the influence of alcohol or other illegal substances and they are not to be consumed or transported in the vehicle unless the transportation is for authorized law enforcement purposes only.

4. Employees using County take-home vehicles in a manner inconsistent with these policies will be subject to disciplinary action including and up to termination.

#### **TAXABLE USE OF COUNTY VEHICLES**

1. Business use of a take-home County vehicle is not taxable to an employee provided appropriate records substantiate the business use. **If business use is not substantiated, all use of the vehicle is considered taxable to the employee.**
2. Non-business (commuter) use of a take-home County vehicle is taxable to the employee unless IRS rules qualify the vehicle as exempt from mileage logs and taxation. Exempt vehicles are generally specialized vehicles for which a standard passenger car, truck or van cannot be a substitute. These vehicles are exempt:
  - a. Clearly marked police and fire vehicles. Also, clearly marked vehicles of building inspectors who meet the IRS definition of public safety officers.
  - b. Unmarked public safety vehicles assigned to employees for specific purposes related to public safety functions and/or duties as a condition of employment.
  - c. Any vehicle designed to carry cargo with a loaded gross vehicle weight of over 14,000 pounds.
  - d. Pickup trucks and vans that are clearly marked with a County decal *and* are equipped or specially modified in such a way as to make personal use of the vehicle unlikely. Such specialized outfitting includes, but is not limited to:
    - i. A hydraulic lift gate
    - ii. Permanent sideboards or panels that materially raise the level of the sides of a truck bed.
    - iii. Permanent shelving, tanks, drums or heavy equipment
    - iv. Modification to carry a particular type of load.
    - v. A van that has an open cargo area with tools, equipment and supplies always carried on board for County business purposes.
  - e. Any vehicle assigned to an employee under a specialized executive lease program designed for government officials, provided that the employee is on call for County business 24 hours a day, 7 days a week.

- f. Other IRS exempt vehicles, unlikely to be either owned by the County or taken home, include hearses, ambulances, delivery trucks with a seat for the driver only or the driver plus a folding jump seat, passenger buses with a capacity of at least 20 passengers, school buses and tractors and other special purpose farm vehicles.

## **DOCUMENTING ASSIGNMENT OF A TAKE-HOME VEHICLE**

A **Take-Home Vehicle Assignment Form** (Form A - sample attached) must be completed and signed by the employee and the Department Head or Constitutional Officer:

1. Before the employee is allowed to take the vehicle home for the first time. Get the fair market value of the vehicle from the Commissioner of Revenue. The Commissioner of Revenue will use NADA Book to determine that value.
2. When the employee turns in the vehicle. Completed paperwork will end the employee's responsibility for mileage on that vehicle.
3. If the vehicle is taken out-of-service permanently or for a significant period of time due to accident or other repairs or maintenance.
4. If the employee is reassigned from one vehicle to another. Paperwork must document turning one vehicle in and reassignment to another.

Send copies of completed **Take-Home Vehicle Assignment Forms** to the Finance Department.

## **DOCUMENTING BUSINESS USE OF A TAKE-HOME VEHICLE**

All use of a take-home vehicle is considered taxable to the employee unless:

1. The assigned vehicle is designated as exempt on the **Take-Home Vehicle Assignment Form**, or
2. The employee keeps sufficient records documenting the business use of the vehicle. A **Business Mileage Log Form** (Form B - sample attached) must include the date, total miles, beginning and ending odometer readings and the business purpose of the travel. Miles not accounted for on a log will be considered commuter miles and taxed accordingly. *The employee must check the box on the right hand side of the form anytime the vehicle was used during an after-hours emergency call-in.*

## **HOW THE TAXABLE VALUE OF NON-BUSINESS MILEAGE IS CALCULATED**

The tax year for calculating taxable mileage is November 1<sup>st</sup> to October 31<sup>st</sup>.

The County uses the Annual Lease Value method to determine the taxable value of non-business (commuter) miles. Under that method, the vehicle's fair market value (FMV) is referenced to an IRS table (see attached Form D) to derive the Annual Lease Value (ALV) of the vehicle. The ALV is multiplied by the ratio of commuter miles to total miles the vehicle was driven by the employee. That figure, plus a fuel charge of 5.5 cents per commuter mile, will be used as the taxable value of non-business miles.

Annual Lease Values must be re-determined every four years on November 1<sup>st</sup> if the vehicle remains in service.

## **PROCEDURE FOR REPORTING TAXABLE MILEAGE TO THE FINANCE DEPARTMENT**

It is the responsibility of each department to maintain up-to-date records of the take-home vehicles assigned to employees and to calculate the taxable value of non-business miles for submission to the Finance Department by November 15<sup>th</sup> each year. **If the employee terminates employment with the County anytime during the year, all taxable mileage must be turned in to Finance before a final paycheck will be processed.**

Unless the vehicle was designated as exempt, the department should complete the **Summary of Employee Use of a County Vehicle Form** using the employee's log sheets. It is a worksheet for calculating the taxable value of non-business miles and will guide the preparer step by step through the process. Attach the logs and send the summary to Finance.

## **REPORTING TAXABLE MILEAGE ON W-2's AND TAX WITHHOLDING POLICIES**

The value of taxable mileage will be added to the employee's W-2 at the end of the calendar year and will be subject to social security, federal and state taxes. The County will withhold all payroll taxes from one of the employee's checks before December 31<sup>st</sup>.

A copy of the summary form will be returned to the employee with his or her check.

Taxable mileage included on a W-2 form is not includable in Final Average Compensation (FAC) for pension purposes.

**COUNTY OF ORANGE**  
**TAKE-HOME VEHICLE ASSIGNMENT FORM**

EMPLOYEE NAME: \_\_\_\_\_

DEPARTMENT/DIVISION: \_\_\_\_\_

DATE: \_\_\_\_\_

The following take-home vehicle has been:

\_\_\_\_\_ Assigned Beginning odometer reading: \_\_\_\_\_

\_\_\_\_\_ Turned in Ending odometer reading: \_\_\_\_\_

Make \_\_\_\_\_

Model \_\_\_\_\_

Year \_\_\_\_\_

VIN # \_\_\_\_\_

Fair Market Value: \_\_\_\_\_

*For a vehicle being assigned, also complete the following sections:*

\_\_\_\_\_ This vehicle is designated as exempt from business mileage logs and  
YES NO taxation.

If yes, refer to the list of IRS exemptions in the Employer's Tax Guide to Fringe Benefits Publication 15-B of the IRS and **attach a separate sheet to fully document the nature of the exemption.**

\_\_\_\_\_  
*Employee Signature*

\_\_\_\_\_  
*Department Head / Constitutional Officer Signature*

**Send copies of this form to Finance**

**COUNTY OF ORANGE**  
**Business Mileage Log for Take-Home Vehicles**  
 Period: December 1 - November 30

Month \_\_\_\_\_ Year \_\_\_\_\_

Vehicle Information

Name \_\_\_\_\_ Make \_\_\_\_\_  
 Position \_\_\_\_\_ Model \_\_\_\_\_  
 Dept./Div. \_\_\_\_\_ Year \_\_\_\_\_  
 VIN Number \_\_\_\_\_

Date	Beginning Odometer	Ending Odometer	Total Miles	Business Purpose of Travel	After Hours Call - In?
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					

Total Business Miles

I certify that all mileage on this report was driven for purposes of County business.

Signature: \_\_\_\_\_

**COUNTY OF ORANGE  
SUMMARY OF EMPLOYEE USE OF TAKE-HOME VEHICLE**

Employee Name ( <i>print</i> ): _____	Vehicle Information:
Department/Division: _____	Make: _____
Date: _____	Year: _____
	VIN #: _____

With respect to the above vehicle, I submit the following:

1. Period covered by this statement: \_\_\_\_\_ to \_\_\_\_\_.
2. Total miles driven during the period (*beginning odometer* \_\_\_\_\_ *ending odometer* \_\_\_\_\_ ) \_\_\_\_\_
3. Total business miles driven during the period \_\_\_\_\_
4. Total non-business (commuter) miles driven during the period \_\_\_\_\_
5. Calculation of the taxable value of commuter miles:

A. Fair market value _____	F. Fuel ** _____
B. Annual lease value* _____	G. Total commuter use _____
C. Commuting miles (4) _____	value (E+F) _____
D. Commuting % (C) / (2) _____	
E. Commuter use value _____	
(B x D) _____	

\* The IRS Annual Lease Value (ALV) from the table on Form D should be prorated if the vehicle was used by the employee for less than 12 months (ALV x # of days in (1) / 365).

\*\* Cost of fuel provided by the County at 5.5 cents per non-business mile or as updated by the IRS.

\_\_\_\_\_  
*Employee Signature* *Date*

The Department Head or designee has reviewed the log sheets and verified the odometer readings and calculations contained on this form.

\_\_\_\_\_  
*Department Head Signature* *Date*

**Send this form with logs attached to Finance by November 15th or immediately upon employee termination.**

IRS ANNUAL LEASE VALUE TABLE

<u>VEHICLE FAIR MARKET VALUE</u>	<u>ANNUAL LEASE VALUE</u>	<u>VEHICLE FAIR MARKET VALUE</u>	<u>ANNUAL LEASE VALUE</u>
\$ 0 - 999	\$ 600	\$22,000 - 22,999	\$ 6,100
1,000 - 1,999	850	23,000 - 23,999	6,350
2,000 - 2,999	1,100	24,000 - 24,999	6,600
3,000 - 3,999	1,350	25,000 - 25,999	6,850
4,000 - 4,999	1,600	26,000 - 27,999	7,250
5,000 - 5,999	1,850	28,000 - 29,999	7,750
6,000 - 6,999	2,100	30,000 - 31,999	8,250
7,000 - 7,999	2,350	32,000 - 33,999	8,750
8,000 - 8,999	2,600	34,000 - 35,999	9,250
9,000 - 9,999	2,850	36,000 - 37,999	9,750
10,000 - 10,999	3,100	38,000 - 39,999	10,250
11,000 - 11,999	3,350	40,000 - 41,999	10,750
12,000 - 12,999	3,600	42,000 - 43,999	11,250
13,000 - 13,999	3,850	44,000 - 45,999	11,750
14,000 - 14,999	4,100	46,000 - 47,999	12,250
15,000 - 15,999	4,350	48,000 - 49,999	12,750
16,000 - 16,999	4,600	50,000 - 51,999	13,250
17,000 - 17,999	4,850	52,000 - 53,999	13,750
18,000 - 18,999	5,100	54,000 - 55,999	14,250
19,000 - 19,999	5,350	56,000 - 57,999	14,750
20,000 - 20,999	5,600	58,000 - 59,999	15,250
21,000 - 21,999	5,850		

For vehicles having a fair market value in excess of \$59,999, the annual lease value = (0.25 x vehicle fair market value) + \$500.

The annual lease value in the table includes the lease value and all operating costs, such as maintenance and insurance, but it excludes fuel.

Because the County provides the fuel, the annual lease value must be increased by the value of the fuel. The fuel is valued at 5.5 cents per commuter mile driven by the employee.