

<b>CITY OF APPLETON POLICY</b>	<b>TITLE: PERSONAL USE OF EMPLOYER- PROVIDED VEHICLES</b>	
ISSUE DATE: Day of Council Adoption	LAST UPDATE: New Policy	SECTION:
POLICY SOURCE: Finance Department	AUDIENCE: All City Employees that use a City-provided vehicle	TOTAL PAGES: 3
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**I. PURPOSE**

To comply with the Internal Revenue Service Code and minimize the City's exposure for potential liability when providing an employee a vehicle necessary to complete their job.

**II. POLICY**

It is the policy of the City of Appleton to comply with the Internal Revenue Service Code in determining the calculation of the fringe benefit amount that will be included as taxable income for employees using City-owned vehicles to conduct personal business.

The value of an employer-provided vehicle is considered a fringe benefit and must be included in an employee's gross income unless used for business purposes. Business purposes include:

1. An employee who is on call and takes a city vehicle home to respond in a timely and efficient manner. Vehicle is used for commuting. Other personal use is prohibited. Only City employees can be passengers unless other passengers are approved by the department head\*.
2. Vehicle used for transportation to a seminar. (Vehicle is used for commuting. Other personal use is prohibited.) Only City employees can be passengers unless other passengers are approved by the department head\*.
3. A police officer or fire fighter who is on call (at all times) (when not on regular shift) using a clearly marked police or fire vehicle within the City limits.\*\*
4. A police officer or fire fighter who is an authorized user of an unmarked vehicle that must be able to respond from home to an emergency situation, surveillance site or stakeout. Use within the City limits only.\*\*

All other uses are considered personal and the value of a City-provided vehicle must be included in the employee's gross income. If the above situations do not apply, the employee must report the personal use quarterly by filling out an "Employee Representation Regarding Use of Company Vehicle" form provided by the Finance Department. The employer will use the annual lease valuation rule to determine the value of the benefit. The value is determined by using a table in the Internal Revenue Service regulations. A copy of the "Employee Representation Regarding Use of Company Vehicle" form is attached.

Department Heads are responsible for notifying Finance when a vehicle is permanently assigned to or taken away from an individual. This will allow Finance to have a master list for tracking the completion of forms.

\*If a department head is not sure of an acceptable deviation of the policy in items 1 and 2 above, they should consult with the City Attorney’s Office or Risk Management/Human Resources Department to determine acceptable risk levels.

\*\*For additional information on Police Officer guidelines for use of City-Owned Vehicles please reference the Fleet Operations & Maintenance Guidelines, Section “G” of the Police Department Operations Policy Manual.

### III. DISCUSSION

This policy provides for and outlines acceptable business use of City provided vehicles. This policy also outlines the employee’s expectations and procedures for reporting the personal use of any City-owned vehicle to the Finance Department.

### IV. DEFINITIONS

IRS:	Internal Revenue Service
Annual Lease Valuation Rule:	An estimate of the annual cost of leasing an automobile based on a four (4) year lease.
Personal Use Taxable Income:	The amount that must be added to an employee’s gross income as the value of the fringe benefit for utilizing a City provided vehicle for personal use.

### V. PROCEDURE

Any employee using a City owned vehicle for personal use must complete an “Employee Representation Regarding Use of Company Vehicle” form (sample attached to this policy). The employee must report the description of the vehicle, quarter ending date, beginning and ending odometer reading, the total personal miles, the total business miles, and whether or not the employer purchased the fuel for the vehicle. (If the employee purchased fuel for the vehicle the applicable receipts must be attached to the form.) The form must be submitted to the Finance Department no later than ten days after the close of the quarter in which the employee had personal use of the vehicle.

The Finance Department will then calculate the appropriate amount of personal use taxable income to be added to the employee’s pay check and reported on the employee’s W-2 form as gross earnings.

### VI. FALSIFICATION OF FORMS

An employee will be subject to disciplinary action up to and including discharge for falsifying any information required, requested or reported on the “Employee Representation Regarding Use of Company Vehicle” form or for any unauthorized or inappropriate application of this policy.

