



Policy: Personal Use of Villanova-Provided Vehicle

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Payroll Policies and Procedures

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Policy

Under **Federal Tax Laws**, personal use of employer provided vehicles are considered taxable wages and subject to all appropriate income taxes. If an employee uses a Villanova provided vehicle for both business and personal travel, the employee must account for the business use. This policy establishes the procedure for reporting personal use of a vehicle provided by Villanova University. Its intent is to ensure that personal use of the vehicle is properly accounted for and all required taxes are recorded and withheld.

Procedure

In order to ensure that information is reported timely and correctly included on the W-2, Villanova employs the "Special Accounting Rule" for reporting this fringe benefit. This simply means that records are reported covering the twelve-month period beginning November 1st each calendar year and extending through October 31st of the taxable year. In other words, if the current taxable year is 2004, the travel period would be November 1, 2003 through October 31, 2004 and would be reported on your 2004 W-2.

Business use should be accounted for by substantiating the mileage, the time and place of the travel, and the purpose of the trip. Any use of a company-provided vehicle that is not substantiated as business use is defined by the **Internal Revenue Code** to be personal use and must be included as income. It is suggested that a log be maintained to record the daily business use. It should be noted, when determining business use, the **Internal Revenue Code** states that travel to and from the workplace is not considered business use and as such should be included as personal use of vehicle.

On November 1st of each year, the log plus a summary of total miles, business miles, and personal miles should be turned into the business manager in your area. The business manager should report, to the Payroll Office, the summaries of mileage along with the annual lease cost for each employee assigned a Villanova vehicle. The manager should prepare a spreadsheet when reporting information for multiple employees. This information should be reported to the Payroll Office by November 15th each year. If an employee terminates employment prior to November 1st, the mileage summaries should be collected and immediately reported to the Payroll Office to be reflected in the employee's final pay.

The Payroll Office will apply the value of the personal use to Federal Wages, Social Security Wages as well as New Jersey, Maryland and Philadelphia Wages when employee's residence dictates. Currently, Pennsylvania does not consider personal use of company provided vehicles as taxable wages.

In an effort to ease the tax burden on the employee, appropriate taxes will be spread over the final two pays of the calendar year for employees paid monthly and the final three pays of the calendar year for employees paid biweekly.