UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice AS-2282

For: State and County Office Employees

Taxation of Fringe Benefits: Using Government-Owned or Government-Leased Vehicle for Home-to-Work (HTW) Transportation

Approved by: Deputy Administrator for Management

1 Taxation of Fringe Benefits

A Background

The Tax Reform Act of 1984 requires reporting of certain employer-provided fringe benefits in an employee's gross compensation for tax purposes. As a result, federal employees must pay federal income taxes on the fair market value of noncash fringe benefits provided to them by the government.

B Purpose

This notice:

- informs employees about the IRS regulation on taxing certain noncash benefits, and
- provides required actions for employees who use a government-owned or government-leased vehicle for HTW.

C Applicability

Employees are liable for fringe-benefit taxes if they use a government owned or government leased vehicle for commuting between home and work more than one day a month.

Note: Employees should seek advice and guidance from a tax professional for preparing their taxes in regards to their liability for this fringe benefit.

Disposal Date	Distribution
January 1, 2016	State and County Office employees; State Offices relay to County Offices

1 Taxation of Fringe Benefits (Continued)

D Definitions

A **control** employee is an elected official or a government employee whose pay equals or exceeds the pay of a federal government employee, holding a position at Executive Level V.

De minims means lacking significance or importance; so minor as to merit disregard.

E Contact Information

For questions regarding this notice state offices may contact either of the following:

- Robert Stanley by either of the following:

  - e-mail to **robert.stanley@wdc.usda.gov**, or
  - telephone at 202-772-9098

- Paige Haggins by either of the following:

  - email to **paige.haggins@wdc.usda.gov**, or
  - telephone at 202-720-2827.

County offices shall contact the state office or in the southwest area the regional service office.

2 Determining a Fringe Benefit

A Vehicles as a Fringe Benefit

Employees shall consider the following when determining if using a government-owned or government-leased vehicle for HTW is a fringe benefit.

- Commuting transportation is a fringe benefit when the use of a government-owned or government-leased vehicle is between a residence and assigned work site at the official duty station for which the agency may not authorize an allowance according to DM 2300-1,

- If use of a government-owned or government-leased vehicle for commuting is not more than one day a month, then this amount of usage is a de minims fringe benefit not included in the gross income of an employee, or

- Travel between a residence and a work site at the official duty station, which is reimbursable as an official travel expense, would not qualify as a fringe benefit to the employee. For example, from home to the office on a day when travel involves an overnight stay away from the local duty station's commuting area.

B Valuation of Fringe Benefits

The IRS differentiates between regular and **control** employees to determine the value of commuting transportation fringe benefits.

A **regular** employee’s taxable income includes $1.50 multiplied by the number of one way trips during the calendar year. This amount compensates for the value of the vehicle, maintenance, fuel, etc. If more than one employee commutes in the vehicle, the amount included in the income of each employee is $1.50 per one-way commute.

The value of a **control** employee’s benefit includes the percentage of miles driven for commuting purposes multiplied by the annual lease value of the vehicle, fuel cost of $0.575 cents per mile multiplied by the number of miles driven, and the value of the chauffeur services provided, if any.

C Vehicle Usage Records

State and county offices must maintain adequate vehicle usage records for **control** employees because these records determine the value of the fringe benefit. Regular employees must maintain vehicle usage records to support their T&A reports.

2 Determining a Fringe Benefit (Continued)

D Reporting Vehicle Usage

According to IRS regulations, a **regular** employee cannot claim the de minims use exemption when the employee uses a government-owned or government-leased vehicle on more than one day per calendar month in any single month during the year. Excess use, for example, more than one day in any one month, requires reporting of all government-owned or government-leased vehicle use during the year. The regular employee who will use a government-owned or government-leased vehicle more than one day in any calendar month during the year will record and report the number of one-way commuting trips during each pay period to the T&A manager. An employee must report all one-way commuting trips. Transaction code 17 records the number of one-way trips to and from the employee's home in a government-owned or government-leased vehicle.

Control employees will use a worksheet for reporting government-owned or government-leased vehicle commuting used to calculate and report the taxable benefits.

E Effects on Withholding Taxes

The IRS regulation does not establish an income tax withholding requirement for affected employees. However social security or the medicare portion of social security, as appropriate, will be withheld at the end of the year.