



Policy Number and Title:	200.105 College Vehicle Policy – Personal Use		
Approval Authority:	Board of Regents	Date Effective:	March 12, 2021
Responsible Office:	Accounting	Responsible Office Contact:	Vice President for Business and Finance

1. POLICY STATEMENT/REASON FOR POLICY

Compliance with US Tax Code and insurance requirements.

2. ENTITIES AFFECTED BY THIS POLICY

All employees who are provided a BMCC vehicle for personal use.

3. WHO SHOULD READ THIS POLICY

All employees and students at BMCC.

4. WEB SITE ADDRESS FOR THIS POLICY

-This policy can be found at:

<http://www.bmcc.edu/about-bmcc/governance-administration/college-policies>

5. FORMS/INSTRUCTIONS

No forms required.

6. HISTORY

-Amended: January 24, 2014; March 12, 2021

-Next Review Date: March 12, 2024

-BMCC reserves the right to revise policies at any time.

7. THE POLICY

I. PURPOSE

The purpose of this policy is to ensure the Bay Mills Community College (BMCC) is in compliance with Federal Tax laws regarding non-cash fringe benefits related to the personal use of BMCC vehicles. Generally, college vehicles may be used for business only. If a BMCC vehicle is used for personal use, then the IRS requires that personal vehicle mileage be taxed accordingly. In addition, BMCC's vehicle insurance carrier may not cover personal usage.

II. ACCOUNTABILITY

Under direction of the Vice President for Business and Finance, the Bookkeeper shall implement and ensure compliance with this policy.

III. APPLICABILITY

This policy applies to all employees who are provided a BMCC owned vehicle for personal use.

IV. POLICY

1. Under U.S. Tax Laws, the personal use of a BMCC provided vehicle is an income taxable fringe benefit. If a BMCC employee uses a BMCC provided vehicle for both business and personal use, the employee must account for the business and personal use to ensure that all required taxes are recorded and withheld.
2. The Internal Revenue Code (IRC) states that the personal use of an employer-provided vehicle and /or use of driver services are taxable to the employee as a non-cash fringe benefit.
 - A. Business use is determined by documenting mileage, time and place of travel, and purpose of the trip.
 - B. Any non-business usage is defined by the Internal Revenue Code as personal use and must be included as income. Personal use includes commuting to and from work as well as personal travel.
 - C. If an employee uses the vehicle for both business and personal use, the employee must account for the business usage to determine proper accounting for tax purposes.
3. Reporting Vehicle Usage
 - A. To ensure that timely and accurate information is included on each W-2, BMCC employs the "Special Accounting Rule" for reporting this fringe benefit. This means that vehicle usage records are reported on a twelve-month period beginning December 1 and extending through November 30 of the taxable year. For example, if the current taxable year is 2021, the travel period is December 1, 2020 to November 30, 2021, and this information is reported on the 2021 W-2 form.
 - B. Employees who are provided college owned vehicles shall submit a **BMCC Payroll Employer-Provided Vehicle Certification Form** to the

Bookkeeper for each fiscal calendar year. This form summarizes personal miles. If an employee separates from college employment, the mileage summaries must immediately be reported to the Bookkeeper on or before the date of separation. The vehicle usage form is available in the HR/Accounting department.

4. Personal Use Exception-Qualified Nonpersonal Use Vehicles

- A. All of an employee's use of a qualified nonpersonal use vehicle is a working condition non-taxable benefit. Under the Internal Revenue Code, if an employer provides a vehicle that an employee uses exclusively for business purposes and the substantiation requirements are met, there are no tax consequences or reporting required for that use. The use is treated as a working condition fringe benefit. Business use does not include commuting. Employees should maintain records to substantiate that all vehicle use was for business.¹
- B. A qualified nonpersonal use vehicle is any vehicle the employee is not likely to use more than minimally for personal purposes because of its design. BMCC qualified nonpersonal use vehicles include the following:
 - a. A passenger bus with a capacity of at least 20 passengers used for its specific purpose and school buses. The working condition benefit is available only for the driver, not for any passengers.
 - b. Qualified Specialized Utility Repair Truck(s) qualifies as a qualified nonpersonal use vehicle if: (1) the truck is designed to carry tools and equipment; (2) the truck has permanent interior construction, including shelves and racks; (3) the employer must require the employee to commute for emergency call-outs to restore or maintain utility services (for example gas, water, sewer).² ...For a pickup truck with a loaded gross weight of 14, 000 pounds or less, the vehicle must be clearly marked with permanently affixed decals, special painting or other advertising associated with the trade, business, or function.³
- C. Employees who job duties include passenger bus driving and or twenty-four hour emergency maintenance may take the qualified nonpersonal use vehicles home when they are on-call or the situation warrants it.

¹ Internal Revenue Service. (Rev. 2-2020). *Publication 5137: Fringe Benefit Guide*. Retrieved from <https://www.irs.gov/pub/irs-pdf/p5137.pdf>, p.36.

² Treas. Reg. Section 1.274-5(k)(5).

³ Internal Revenue Service. (Rev. 2-2020). *Publication 5137: Fringe Benefit Guide*. Retrieved from <https://www.irs.gov/pub/irs-pdf/p5137.pdf>, p.41.