

November 15, 2020

Personal Use of Corporate Automobile

Based on current tax laws, an employee's personal use of a corporate provided vehicle is considered to be a taxable fringe benefit. The following summarizes these rules:

1. A corporation is required to treat the personal use of an employer provided vehicle as taxable compensation to the employee, subject to payroll taxes and withholding.
2. You are required to keep adequate records detailing your business use of the vehicle versus your personal use. For determining personal use of auto compensation, we have elected to use a twelve-month period ending November 30th of each year. Your personal use of auto compensation will be based upon activity from December 1, 2019 to November 30, 2020.
3. The amount of compensation for the personal use of your vehicle will be determined in accordance with IRS formula and the related IRS fair value lease table.
4. The amount of compensation calculated for the personal use of your vehicle will be pin your W-2 you are required to withhold Social Security and Medicare taxes. However, we **will not** withhold any Federal or California income tax on the amount of this compensation.
5. The Federal and State employer payroll tax deposits for the additional compensation will be calculated once we receive the information requested. Payroll tax deposits must be remitted to the tax authorities no later than December 30, 2020.

If you use a payroll service, please provide them with the above information.

PLEASE RETURN THIS FORM BEFORE NOVEMBER 30, 2020.

YOU CAN E-MAIL IT TO DIANE FAULDS AT diane@fauldstax.com If you have any questions, feel free to call me.

Sincerely,

Diane Faulds