

SMU Tax Policies

Subject: Employee Benefit - University-Provided Vehicles
Effective Date: 08/22/07
Revision Date: 08/23/17
Tax Policy: 2.1

This policy covers University-provided vehicles, including owned, leased, and courtesy cars.

Personal use of University vehicles is a taxable fringe benefit and an appropriate amount will be reported in the gross income of each employee receiving this benefit. However, the value of service vehicles assigned to specific SMU employees on 24-hour call is excluded from income tax reporting.

Employees in possession of University vehicles will be classified in one of two categories:

University-provided Staff Vehicles:

The University provides vehicles to individuals as required in their employment contracts. These vehicles can be University-owned or leased, or courtesy cars provided by dealerships. The University pays for insurance, license fees, repair and maintenance, as well as the cost of gasoline (paid by University gasoline credit card). (See [University Policy 3.8 Use of University Pre Uninlaicle](#)) All personal use of University-provided vehicles will be reported as taxable income to the employee in accordance with procedures outlined below.

The University will include as part of compensation the value of the use of the vehicle consistent with IRS requirements. They can, however, receive reimbursement for parking and tolls incurred in the course of University business. (See [University Policy 3.8 Use of University Provided and Personal Vehicles](#))

The University has adopted an IRS special accounting period for purposes of calculating any amount that will be reported as taxable income for personal use of University property. All reporting will be based on a twelve-month period, which begins November 1 and ends October 31. Income for this period will be reported as a taxable fringe benefit on the employee's December paycheck in the year in which the reporting period ends. For example, any benefit computed for the year November 1, 2016 through October 31, 2017 will be reported and taxed in December 2017.

Income will be calculated based on the fair market value of the vehicle(s) times the percentage of personal use. Refer to [IRS Publication 15-B](#), Lease Value Rule.

The Tax Compliance Department will provide the *Automobile Tax Reporting Form* for