

2025 REQUIRED NOTICE INVOLVING AUTO USAGE

To: All Employees Provided with Company Autos
Date:
From:
Re: Income Tax Implications of Use of Company Auto

The tax laws and IRS regulations impose stringent rules regarding the tax effect of the personal use of employer-provided autos and require recordkeeping to document the business use of such ratios.

The following is a general discussion of the personal income tax considerations associated with the use of the company auto provided to you. We recommend that you consult your personal tax advisor regarding any specific questions you may have.

COMPANY POLICY

For 2024, in accordance with IRS Ann. 85-113, the corporation adopted a _____ cutoff date for gathering information to report the income related to your personal use of a company auto on your 2023 Form W-2. The corporation calculated the amount of income added to your Form W-2 by using the Corporate Auto Mileage Statement on which you indicated the total miles and business miles driven in your corporate auto from _____, to _____. Included with your Form W-2 will be an individualized statement showing the income calculation.

For 2025, in accordance with IRC Section 3402(s), the corporation elects to **not withhold federal and state income tax** on the taxable portion of your use of a company auto or on the value of any corporate-paid gasoline costs. However, we are required to withhold social security and Medicare (FICA) tax. Any FICA withholding needed as a result of your personal use of the auto will take place on or before the final 2025 pay period. These taxes will be withheld from other cash wages paid to you OR will be paid on your behalf by the company and treated as additional compensation to you OR must be paid by you by remitting to the company a check for the appropriate amount.

You may wish to file a new Form W-4 to increase your withholding allowances to cover the additional income, which will be reported on your W-2 at the end of the year.

SUGGESTIONS ON HOW TO SUBSTANTIATE BUSINESS USE

- 1. You must keep your own records of business use of the company auto. We suggest that you keep a log showing the date, amount, and business purpose of each use or cost associated with it. To determine your nonbusiness use, simply calculate your total miles and then subtract your business use miles for the period beginning _____ and ending _____.
- 2. Failure to maintain adequate records may result in the entire value of the auto being treated as taxable income to you. Such treatment could result in an assessment of back taxes, penalties, and interest which could create a significant financial burden for you. Proper documentation will ensure that the corporation reports the proper amount (no more-no less) of income from personal use to you on your Form W-2.
- 3. You should keep records for at least the three years after the current year so your documentation will be available in the event of an IRS audit.

I have read and fully understand the above statement.

Signature: _____

Printed: _____

Date: _____