



MARYLAND
DEPARTMENT OF
BUDGET & MANAGEMENT

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October 13, 2022

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Deputy Secretary

TO: Department State Agency Fleet Managers and Chief Finance Officers

FROM: Joseph Consoli, Administrator, Fleet and Travel Administration 

SUBJECT: 2022 Internal Revenue Service (IRS) Vehicle Fringe Benefit Program

Employees who commute (i.e. travel between a work location and home)¹ in a State vehicle are required by IRS regulations to report such vehicle use as part of their gross income. This requirement applies to employees who pay the State commute charge as well as those whom the State exempts from paying commute charges. The exceptions to this tax reporting requirement are those employees who:

1. commute on an occasional or infrequent basis such as once a month or less (*de minimus* personal use),
2. commute from a qualified home office that serves as the employee's principal place of business, or
3. commute in a "qualified non-personal use vehicle" (as defined by the IRS and certified by the State agency).

All other State employees who use a State vehicle to commute from home to the office or to a work location other than an agency office (e.g., a field site) must complete the Vehicle Fringe Calculation & Reporting Form, Attachment 2 (or Attachment 8a, 8b or 8c an automated version of the form). Attachment 1 provides instructions for completing this form.

Some employees who must report their commute on the Vehicle Fringe Calculation & Reporting Form (Attachment 2) will have additional income related to the value of the commute added to their gross income. An employee in that situation might be eligible to take a business expense deduction for the value of the commute on his/her personal tax return. More information on when commuting expenses may be deducted from income is available at www.irs.gov; please refer to Tax Topic 514 (Employee Business Expenses) and Publication 463 (Travel, Entertainment, Gift and Car Expenses).

Employees who are exempt from this reporting requirement because their only use of the State vehicle is for commuting to business locations from a home office that qualifies as a principal place of business (see Attachment 3) must complete and file a certification, which is provided as Attachment 4.

¹ The round trip between your home and your work location of the day is your commute. If you visit multiple work locations during the workday, then your commute includes the trip from your home to your first work location of the day and the trip from your last work location of the day to your home.

For each employee who commutes in a qualified non-personal use State vehicle, as defined in Attachment 5, agencies must certify the qualified non-personal use status of the State vehicle using Attachment 6 in order for that employee to be exempt from reporting.

The reporting period for the 2022, IRS Vehicle Fringe Benefit Program is November 1, 2021 to October 31, 2022. The enclosed attachments provide the information necessary to comply with IRS regulations. Please ensure that each employee in your agency who commuted in a State vehicle during the reporting period receives a copy of this memo with all attachments and completes the reporting requirements. Affected employees may be identified using the WebFleetMaster Driver Data Report (for commuters who are assigned a vehicle) or agency vehicle mileage logs (for commuters using pool vehicles).

Agencies are required to certify that all employees who are required to report have received the required information and submitted the report (see Attachment 7). Additionally, agencies must review the completed reports to ensure that they are accurate and have been signed by the employee before submitting them to DBM. IF FORMS ARE COMPLETED WITH SPS# YOU CAN SCAN THEM TO Renee Carnes.

Automated Vehicle Fringe Value Calculation & Reporting forms are provided on the DBM website (<http://dbm.maryland.gov/Pages/VehicleFringeBenefitReporting.aspx>) - see Attachment 8a, 8b, and 8c.

The employee should complete only the Attachment 8 form (a, b, or c) that corresponds with the calculation and reporting method they are using. Only the yellow highlighted portion of the form should be completed by the employee.

Employees are reminded that they are responsible to the IRS for submission of accurate information to their employer. The agency is to forward completed forms to the Department of Budget and Management, Fleet Administration Unit on or before **November 18, 2022**. This deadline is important because late forms may result in amended W-2s, may cause employees to file an amended tax return, and may cost agencies for employee F.I.C.A. taxes that become uncollectible.

Questions regarding Auto Fringe should be directed to the DBM Fleet Administration Unit at 410-260-7337. Thank you for your assistance with this matter.

Attachments:

Attachment 1 -Vehicle Fringe Benefit Calculation Rules and Procedures

Attachment 2 -Vehicle Fringe Value Calculation & Reporting Form

Attachment 3 -The Home Office and Its Commute Reporting Exception

Attachment 4 -Home Office Certification

Attachment 5 -IRS Qualified Non-Personal Use Vehicles

Attachment 6 -Agency Certification of IRS Qualified Non-Personal Use Vehicle

Attachment 7 -Agency Certification of the Vehicle Fringe Reporting Process for the 2020-Reporting Period

Attachment 8 -Automated Vehicle Fringe Value Calculation & Reporting Form in Excel: 8a-Commute Method 8b-CentsPer-Mile Method 8c-Lease Value Method