

# Utah Tech University Policy

## 345: Courtesy Vehicles



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### I. Purpose

- 1.1 To ensure that the use of Courtesy Vehicles by Utah Tech University (“the University”) employees is handled in a manner consistent with Internal Revenue Service guidelines, as well as financial and state risk management guidelines.

### II. Scope

- 2.1 This policy applies to all employees of the University as defined in University Policy 301: Personnel Definitions and Classifications.

### III. Definitions

- 3.1 **Authorized Driver:** The employee to whom an employer-provided vehicle has been granted.
- 3.2 **Courtesy Vehicle:** Vehicle supplied for Official Business Travel and Personal Use of a University employee. This includes a vehicle provided to the University President, as applicable and outlined by the Utah Board of Higher Education (UBHE).
- 3.3 **Official Business Travel:** The authorized activities of University employees related to approved programs and functions of the University.
- 3.4 **Reporting Period:** Using the IRS special accounting rule for reporting purposes is defined as November 1 through October 31 of each year.
- 3.5 **Personal Use:** Use of vehicle for non-business activities such as daily commute from home to work and work to home. Exceptions include a University police officer’s take-home vehicle, where commuting in emergency vehicles is required and is considered a working condition benefit.

- 3.6 **Vehicle Allowance:** Payment(s) in lieu of a vehicle, included on an employee's paycheck. An allowance may be made as part of an employment contract or if a dealer vehicle is unavailable.

#### IV. Policy

- 4.1 The department head and appropriate vice president, President, or President direct-report shall approve the acquisition, assignment, and use of Courtesy Vehicles.
- 4.1.1 In the event that a Courtesy Vehicle is not available and/or contractual employment obligations require it, a Vehicle Allowance may be used as a substitute. The stipend payment is to be used to cover all vehicle expenses, including insurance and fuel. Mileage or fuel reimbursement is available only when a Courtesy Vehicle is being used for Official Business Travel.
- 4.1.2 The President's Courtesy Vehicle is approved by UBHE and submitted to the University for management/oversight.
- 4.1.3 The take-home vehicle for University police officers is approved by Utah statute with management/oversight through the State of Utah Personal Vehicle Use Policy R27: Administrative Services, Fleet Operations.
- 4.2 Insurance coverage for Courtesy Vehicle(s) shall be retained by the University with a commercial auto insurance policy.
- 4.3 Personal Use of a Courtesy Vehicle is considered taxable wages according to IRS regulations. Substantiated business use is not taxable to the employee. A Courtesy Vehicle which is used 100% for business purposes has no tax consequences or tax reporting.
- 4.3.1 A University police officer's take-home vehicle use is not a taxable fringe benefit as outlined in IRS Publication 15-B when take-home use is limited to commuting and for official police business for on-call or emergency use. A University police officer's use of a qualified nonpersonal use vehicle is a working condition benefit. Unmarked vehicles used by law enforcement officers are considered officially authorized, related to law-enforcement functions, and provide the ability to report directly from home to an emergency.
- 4.3.2 Use of an unmarked University police officer's take-home vehicle for vacation or recreation trips does not qualify as an authorized use.

- 4.4 Fuel for Courtesy Vehicles will be purchased by the employee. Fuel for the

President's Courtesy Vehicle will be purchased by the University. Fuel for a University police officer's take-home vehicle will be purchased by the University. In the rare event that the University provides fuel that may be used for personal use, it will be added to the employees' taxable income.

- 4.5 A Mileage Log will be maintained in the Courtesy Vehicle to record Official Business Travel and Personal Use, and will be submitted to the Payroll Office at the end of the Reporting Period. Mileage logs should be made available on demand, as they can be requested at any time for internal or external audit purposes.
- 4.6 Each employee with a Courtesy Vehicle will complete an auto certification form for the Reporting Period and provide it to the Payroll Office at the conclusion of the Reporting Period.
- 4.7 Within five (5) business days of receiving or exchanging a Courtesy Vehicle, the employee will provide their Director with the appropriate vehicle information.
- 4.8 An employee with a Courtesy Vehicle should take meticulous care of and maintain the vehicle per dealer instructions. Each Courtesy Vehicle should be clean and presentable at all times, to foster a favorable public image for the University.
- 4.9 A Courtesy Vehicle is provided for the use of the Authorized Driver, the employee, and should not be driven by a family member except in an emergency when the Authorized Driver is incapacitated. Dealer vehicles should not be driven by non-employees, students, student athletes, or cheerleaders.
- 4.10 Deductibles or repairs for collisions may be paid with University funds only if the accident occurs while the employee is on University Business Travel. Deductibles for accidents occurring when the vehicle is being used for Personal Use are the employee's responsibility.
- 4.11 Parking violations or traffic citations are the responsibility of the employee/driver and may not be paid with University funds.
- 4.12 Authorized Drivers shall have a valid driver's license.

## **V. References**

- 5.1 Internal Revenue Service Publication 15-B – Employer's Tax Guide to Fringe Benefits (Lease Value Rule)
- 5.2 State of Utah Personal Vehicle Use Policy R27: Administrative Services,

## Fleet Operations

- 5.3 University Policy 223: Travel
- 5.4 University Policy 301: Personnel Definitions and Classifications
- 5.5 Utah Board of Higher Education Policy R205: Presidential Appointment, Compensation, and Benefits
- 5.6 Utah Tech Travel Information website:  
<https://employees.utahtech.edu/business-services/travel-information/>

## **VI. Procedures**

- 6.1 Approval of a Courtesy Vehicle will be relayed by the appropriate vice president, President, or President direct-report to the Payroll Office at the time the Courtesy Vehicle is approved and assigned to an employee.
- 6.2 The Payroll Office will send each employee with a Courtesy Vehicle an auto certification form to use for the Reporting Period. It is the responsibility of each employee with a Courtesy Vehicle to complete the auto certification form and mileage log and return them to the Payroll Office within ten (10) business days following the end of the Reporting Period.
  - 6.2.1 If an employee does not complete the auto certification form and mileage log and return it to the Payroll Office within ten (10) business days following the end of the Reporting Period, the Payroll Office cannot determine Official Business Travel vs. Personal Use. In this case, the IRS deems the use to be 100% personal to the employee, and 100% personal use will be processed as such by the Payroll Office for wage reporting purposes. Thus, the value of all use of the automobile is considered wages to the employee, and the employee can then deduct any substantiated business use on the employee's tax return. Any use of a Courtesy Vehicle that isn't substantiated as Official Business Use is included as taxable income, according to the rules in IRS Publication 15-B.
- 6.3 The Payroll Office will audit the auto certification form and mileage log for the Reporting Period and will provide the employee with the applicable tax valuation and tax amounts due. The personal portion of payroll taxes will be withheld from the employee's December paycheck(s).
- 6.4 Gasoline/fuel for the Courtesy Vehicle should be purchased by the employee. In the event that an employee has charged fuel purchased to the University when the Courtesy Vehicle was used for mixed business and personal use, the value of personal fuel will be added as taxable income to

the employee's W-2. The applicable IRS rate per mile driven will be multiplied by the personal miles driven during the Reporting Period to calculate the dollar amount of taxable compensation to be included on the employee's W-2.

- 6.5 If an employee changes Courtesy Vehicles mid-Reporting Period, notification about the change (including make, model, year, and mileage) must be reported to the employee's Director (who must then send this information to the Payroll Office) within ten (10) business days of vehicle acquisition.
- 6.6 Authorized Drivers will complete annual defensive driving training with Human Resources.
- 6.7 Employees who receive a Vehicle Allowance in lieu of a Courtesy Vehicle do not have a responsibility to report vehicle acquisition, usage, etc., since it is considered a personal vehicle. The stipend is intended to support the employees' ownership of a vehicle, its maintenance, insurance, and fuel.
  - 6.7.1 Mileage reimbursement for excess mileage and travel outside the 100-mile radius of the main campus may be requested through the University's appropriate reimbursement process found in University Policy 223: Travel.
  - 6.7.2 Personal vehicles for employees receiving a Vehicle Allowance are not insured by the University. Such vehicles will be insured by the employee.

## **VII. Addenda – N/A**

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Policy Owner: Vice President of Administrative Affairs

Policy Steward: Executive Director of Human Resources; Director of Payroll

History:

Approved 04/26/24