October 2025

Dear Employer:

As you know, the Internal Revenue Service (IRS) treats an employee's personal use of a company vehicle as an employee benefit, to be either reimbursed to the company by the employee or added to the employee's annual compensation and W-2 form. IRS tables regulate how this "personal use value" is calculated. Once this value is determined, the employer decides between two choices:

1. The employee reimburses the "value" to the company, or;
2. The employer adds the "value" to the employee's W-2 and withholds applicable taxes.

To assist you in making this calculation, we are enclosing THREE WORKSHEETS.

WORKSHEET #1 – Computing Personal Use

Complete ALL parts of Worksheet #1 for each vehicle used. This information is the basis for further calculations.

WORKSHEET #2 - Employee Statement to Employer

Employee using vehicle completes ALL OF Worksheet #2 and gives to employer.

WORKSHEET #3 - Calculation Worksheet (2 pages)

Using the information from Worksheets #1 and #2, calculate the personal use value. Use the IRS table attached to determine the "lease value." Also, you must choose whether you or your employee will pay the tax on their personal use benefit.

If you want us to complete Worksheet #3, Part II, please fill in as much information as possible and return all worksheets to us by November 21, 2025. We need this time in order to tell you the amount to be reimbursed, or calculate compensation and withholding in time to include this amount in the employee's 2025 W-2. We will retain these documents in your file at our office.

WE URGE YOU TO COMPLY WITH THESE IRS REGULATIONS REGARDING EMPLOYEE USE OF COMPANY VEHICLES. PLEASE CALL ACCUPAY AT 317-885-7600 IF YOU HAVE ANY QUESTIONS.

Sincerely,

AccuPay, Inc.

❑ If none of the above applies to your organization, please WRITE YOUR COMPANY NAME ON THIS PAGE, check the box and either FAX this page back to us at (317) 885-7591 or email to payroll@accupay.com. Thank you!

WORKSHEET #1

Computing Personal Use of a Company Automobile

FOR PERIOD 11/1/2024 TO 10/31/2025

EMPLOYER/EMPLOYEE INFORMATION:

Company: _____

Employee Name: _____ S.S.# _____

Method of reporting (check one): ◯ Reimbursement by Employee OR ◯ Report on W-2 Form

Will Employee have wages over $176,100 in 2025? Yes ◯ No ◯ County of Residence _____

Desired tax withholdings (check one): ◯ FICA only OR ◯ FICA and all income taxes

**Note- Withholding FICA/Medicare tax only will have the least impact on the employee's net paycheck*

VEHICLE INFORMATION:

Year _____ Make _____ Model _____

Fair Market Value of vehicle in 2025 _____

Dates of use: All of 2025 _____ OR From _____ To _____

MILEAGE INFORMATION FOR 11/1/2024 TO 10/31/2025 From Worksheet #2

Business Miles _____ Personal Miles _____ Total Miles _____

Was the vehicle used for commuting to and from home? Yes ◯ No ◯

If yes, what is the average commuting distance round trip? _____

Was the vehicle available for personal use in off-duty hours? Yes ◯ No ◯

Does the employee have another vehicle available for personal use? Yes ◯ No ◯

Do you have evidence to support the business use percentage claimed? Yes ◯ No ◯

Is the evidence written? Yes ◯ No ◯

Did the employee pay for his own gas? (as opposed to company purchasing gasoline) Yes ◯ No ◯

WORKSHEET #2

EMPLOYEE STATEMENT TO EMPLOYER

To: _____
(Employer)

Please be advised that during the period 11/1/2024 to 10/31/2025 the company furnished the car listed below for my business use:

Year _____ Make _____ Model _____

Business Miles _____
Personal Miles _____
Total Miles _____

The above figures are based on my written records.

The gasoline was paid for (check one): ◯ By the Company -or- ◯ By me

I understand that the Company (check one):

◯ Expects to be reimbursed by me for value of personal use.

OR

◯ Will include personal use value on my 2025 W-2.

Signature _____ Date _____
(Employee)

WORKSHEET #3

EMPLOYEE AUTOMOBILE PERSONAL USE VALUE AND TAX CALCULATION

For Period 11/1/2024 to 10/31/2025

Part I

Employer: _____

Employee: _____

Vehicle Description: _____

Auto In-Service Date: _____ (first date used in business)

Business Miles for Year: _____

Personal Miles for Year: _____

Total Miles for Year: _____

Personal Use Percentage: _____ % *

Original cost of purchased vehicle or fair market value of leased vehicle on date of lease: $ _____

Vehicle Annual Lease Value (from attached IRS table): $ _____

Percentage of Year Covered: ____ of 365 days = _____ %

Personal Use Value Calculation

Part II

1)	$ _____	Annual Lease Value from attached IRS Table
	x _____ %	of Year Covered (100% if all year)
	$ _____	Adjusted Personal Use Value
	x _____ %	of Personal Use (personal miles as ratio of total miles)*
	$ _____	Personal Use Amount (A)
2)	$ _____	Personal Miles Driven
	$ _____ x .055	(Multiply by 5.5 cents)
	$ _____	Personal Use Fuel Cost (IF paid by employer) (B)
3)	$ _____	Personal Use Fuel Cost (B)
	$ _____	Personal Use Amount (A)
	$ _____	Total Personal Use Value
	($ _____)	Less Personal Use Reimbursements paid to employer by employee
	$ _____	Net Personal Use Amount

Continued on next page

Reporting Method (Check One)

Part III

- ❑ Reimbursement: Amount to be reimbursed by Employee: $_____ OR
- ❑ Report as Compensation (see withholding options below): Amount to be recorded on employee 2025 W-2 for personal use:

  Gross Pay $ _____

  Withholding Options (Check One if applicable)

  An Employer has the option to withhold or not withhold income taxes, but must withhold FICA/Medicare taxes. Employers should check one of the following withholding options:

  - ◯ Withhold required FICA/Medicare taxes only from the employees next paycheck;
  - ◯ Withhold income taxes in addition to FICA/Medicare taxes on the employee's next pay check; or
  - ◯ We want you to "gross-up" the employee's taxes so that the employee's next paycheck does not decrease. *We realize this option costs the employer additional money* since we are paying the employee's taxes on personal use of the company car;
    - ◯ Gross up required FICA/Medicare taxes only; or
    - ◯ Gross up income taxes as well as FICA/Medicare

2025 Annual Lease Value Table

(1) Automobile FMV	(2) Annual Lease
$0 to 999	$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For automobiles with a FMV of more than $59,999, the annual lease value equals (.25 × the FMV of the automobile) + $500.

FMV. The FMV of an automobile is the amount a person would pay to buy it from a third party in an arm's-length transaction in the area in which the automobile is bought or leased. That amount includes all purchase expenses, such as sales tax and title fees.

If you have 20 or more automobiles, see Regulations section 1.61-21(d)(5)(v). If you and the employee own or lease the automobile together, see Regulations section 1.61-21(d)(2)(ii).

You do not have to include the value of a telephone or any specialized equipment added to, or carried in, the automobile if the equipment is necessary for your business. However, include the value of specialized equipment if the employee to whom the automobile is available uses the specialized equipment in a trade or business other than yours.

Neither the amount the employee considers to be the value of the benefit nor your cost for either buying or leasing the automobile determines its FMV.