INFORMATIONAL CIRCULAR NO. 22-P-013 ***Supersedes:*** *21-P-012*

DATE: January 10, 2022

SUBJECT: Employee Taxability of State-Owned or Leased Vehicles

EFFECTIVE DATE: January 1, 2022

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APPROVAL: Sunni Zentner (Original signature on file)

SUMMARY: IRS Cents-Per-Mile Valuation Rule Changes for Calendar Year 2022

The Internal Revenue Service (IRS) announced the standard mileage rate has increased to 58.5 cents per mile, beginning January 1, 2022. Using the Cents Per-Mile methodology, fringe benefit income is calculated by multiplying the 58.5 cents per mile rate by the number of personal (commuting) miles driven by the employee in the state-owned or leased vehicle.

To be eligible to use the Cents-Per-Mile method, at least 50% of the vehicle's total annual mileage must be used for the employer's trade or business, or the vehicle is primarily used by the employee and the total mileage driven exceeds 10,000 miles per year. If a vehicle is first made available to an employee for personal (commuting) use in calendar year 2022, and the agency wishes to use the Cents-Per-Mile method, the fair market value of the vehicle cannot exceed $56,100 for automobiles (including trucks and vans). (See IRS Notice 2022-03)

Agencies and employees are reminded the only state approved personal use of a state-owned or leased vehicle is to commute between the employee's workstation and home. Even those situations should be limited.

Please note this Informational Circular does not impact the State's privately-owned vehicle mileage reimbursement rate.

JG:SGZ:had