Our road foreman keeps a town-owned truck at his home. Typically, he just drives the truck to and from the town garage, but sometimes he drives the truck directly to a jobsite. Is this use of the truck a taxable fringe benefit?

It could be. Under IRS regulations, a fringe benefit is a form of pay for the performance of services. Unless the law provides a specific exclusion, any fringe benefit provided to an employee must be included in the employee's pay and must be reported on the employee's W2 form. The most well known exclusion is probably an employer's contribution to a group term life insurance plan on behalf of an employee.

Generally, providing an employee with a company vehicle to commute to and from work is a taxable fringe benefit. However, the so-called working conditions benefit applies to exclude an employee's use of a qualified non-personal use vehicle. A qualified non-personal use vehicle is defined as any vehicle the employee is not likely to use more than minimally for personal purposes because of its design.

Commonly recognized qualified non-personal use vehicles include clearly marked fire and police vehicles, school buses and ambulances, but the category can also include vehicles designed to carry cargo and having a loaded gross vehicle weight (GVW) over 14,000 lbs. This would probably include most large municipal dump trucks, but may not include smaller, one-ton style trucks. You should check a truck's rating to confirm its GVW.

A pickup truck with a gross vehicle weight of less than 14,000 lbs may be a qualified non-personal use vehicle if it is permanently marked as a municipal vehicle and is equipped with certain equipment, such as a hydraulic lift gate, permanent tanks or drums, or permanent side boards.

In your case, the town truck might be a qualified non-personal use vehicle. If so, the working conditions benefit exclusion would apply. It is strongly urged that you consult IRS publication 15-B, Employer's Tax Guide to Fringe Benefits, for a more complete explanation of the working conditions benefit and the IRS definition of a qualified non-personal use vehicles. The Employer's Tax Guide to Fringe Benefits is available at http://www.irs.gov/pub/irs-pdf/p15b.pdf.

- Jim Barlow, Staff Attorney, VLCT Municipal Assistance Center

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