

Bowdoin Finance Manual

Executive Vehicle Policy

Effective Date: September 22, 2009

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1. Purpose

The purpose of this policy is to provide guidance to employees regarding allowable use of executive vehicles assigned to them and to provide administrative guidance to employees responsible for items associated with the vehicle.

2. Scope

This policy applies to employees to whom, due to the nature of their position, an executive vehicle is assigned for both business and personal use.

3. Executive Vehicle Approval

Executive vehicles are assigned to employees at the sole discretion of the President of the College.

4. Vehicle Type

The type of vehicle provided to an employee may vary dependent upon the position held. Vehicles are generally purchased with standard equipment available on entry or mid level models. Generally items such as leather interior and navigation systems are not allowed. Preference will be given to hybrid vehicles, when available.

5. Driver Eligibility

Employees to whom an executive vehicle is assigned must be College authorized drivers.

To become a College authorized driver please refer to the Motor Vehicle Policy

<http://www.bowdoin.edu/facilities/transportation/policy/index.shtml>

6. Vehicle Use

Vehicle use is subject to the Bowdoin College Motor Vehicle Policy which can be viewed at:

<http://www.bowdoin.edu/facilities/transportation/policy/index.shtml>

The vehicle is provided primarily for business use but personal use is allowed subject to taxation as required by the Internal Revenue Service. Business use is defined as times when the vehicle is used to (a) attend business meetings, (b) transport college personnel, students and guests, or (c) conduct College business not listed above. Personal use is

defined as use not defined as business use including commuting to and from the employee's home to the College.

It is permissible to allow immediate family members to use the vehicle on an occasional basis for personal use. Immediate family member is defined for this policy to include spouse, domestic partner, child or parent. Use by family members should be limited and employees should use good judgment regarding if and when to allow this type of use. Use by family members may not be covered by College insurance thus the employee should consult an insurance professional to determine the type of coverage needed for the vehicle.

7. Reporting Requirements

The employee is required to submit a monthly mileage log for the purpose of determining the taxable value of the vehicle to be charged to the employee. The mileage log must be submitted to Human Resources within 3 business days of the end of each month. Failure to comply with this reporting requirement will result in 100% of the monthly fair market lease value to be deemed taxable to the employee and therefore reported to the IRS as a taxable benefit with taxes withheld from the employee's wages. Failure to file a mileage log could result in disciplinary action.

8. Mileage Log

The College will provide the employee with a mileage log to document both business and personal mileage. The mileage log shall identify the month and year, the employee's full name, odometer reading at the beginning of the month, odometer reading at the end of the month, and number of miles driven by day identified as either business or personal mileage. The log shall also contain a certification by the employee that the log is accurate to the best of his/her knowledge.

9. IRS Reporting Requirement

The IRS requires employers to calculate and report the value of fringe benefits received by employees. An executive vehicle assigned to an employee is considered a fringe benefit. The College will calculate the fringe benefit value in accordance with guidelines issued in IRS Publication 15-B. The responsibility for reporting to the IRS is shared by the Controller's Office and Human Resources.

10. Determining the Value of the Benefit

The method of valuation shall be based on the Annual Lease Value Method as described in IRS Publication 15-B.

If the College purchases the fuel used to power the vehicle, the value of the fuel attributable to personal use must also be reported to the IRS in the manner described in IRS Publication 15-B.

11. Exceptions

Any exceptions to this policy must be approved by the Senior Vice President for Finance and Administration and Treasurer or the Director of Human Resources.