

Using the Commuting Valuation Method to Determine Taxable Wages

Personal use of a company-owned vehicle is a commonly offered fringe benefit, and while the business use of this vehicle is nontaxable, the employee's personal use definitely is taxable income to the employee under tax Code — under varying options, which in itself can be confusing.

The IRS provides the general valuation method and three special valuation methods to determine the taxable wages to the employee. These special valuation methods are:

- Annual lease value method
- Cents-per-mile method
- Commuting method

This is the third in a three-part series. The *Guide's* newest contributing editor Vicki Lambert — who also is a payroll accounting expert — writes the final installment of her primer on applying the company car valuation regulations to payroll. This column focuses on using the commuting valuation method. *Page 2*

GSA Issues Final Rule On Relocation 'Best Practices'

While the private sector sometimes looks to the federal government for guidance on how to treat fringe benefits like relocation allowances, the reverse happens as well.

The General Services Administration, the federal agency that oversees travel and relocation policy, published a final rule April 1, integrating some private industry "best practices" into its relocation regulations. *Page 5*

IRS Issues Guidance On Bonus Depreciation

The IRS has issued extensive guidance on the so-called bonus depreciation deduction that Congress granted in recent years. Revenue Procedure (Rev. Proc.) 2011-26, a 28-page document, prescribes rules for determining whether a piece of property — a car or truck provided to an employee, for example — qualifies for the additional 50-percent depreciation deduction allowed in the first year it is placed in service. The IRS published it March 29. *Page 7*

Also In This Issue

Moving and Relocation

GSA Issues Final Rule on Relocation 'Best Practices' 5

Travel and Entertainment Expenses

GSA Adjusts Per Diems for Seven Sites..... 6

Company Cars

IRS Issues Guidance on Bonus Depreciation ... 7

Washington Watch

IRS Chief Would Like to Make the 'Look-back' History 8

Featured Columnists

Vicki M. Lambert, CPP

Accounting Focus: Using the Commuting Method to Determine Taxable Wages 2

Practice Tools

What Are the CONUS Per Diem Rates?..... 6

Adjusted CONUS Per Diem Rates 6

Comparison of Standard and 'Bonus' Depreciation Limits for 2011 7

Background on the Bonus Depreciation Allowance 7

Updates to the *Guide*

- ¶821 — Updated discussion of valuation methods for company cars
- App. B — Updated CONUS per diems
- App. C — Added text of FAA Chief Counsel Interpretation Letter to National Business Aviation Association

May Audio Conference

Developing and Implementing Payroll Internal Audits, presented by Vicki M. Lambert, CPP, May 17, 2011. See www.ThompsonInteractive.com for more information.

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