

TOWN OF EAST WINDSOR USE OF EMPLOYEE OWNED VEHICLE POLICY

Employer Reimbursement Paid at or Less than Federal Rate

If an employer reimburses an employee's business mileage under an accountable plan, at or below the Federal mileage rate, and the employee substantiates the business miles, then:

- The reimbursement is not taxable to the employee
- No income tax is withheld
- No reporting is required on Form W-2

Employee Deduction

If an employer reimbursement is less than the Federal rate, the employee can deduct the difference between the Federal mileage rate and the employer reimbursement on their individual income tax return.

Substantiation Requirements

The employee is required to provide substantiation to the employer. Substantiation rules require the employee to record the date, business purpose, and place of each trip.

Record mileage "at or near the time" incurred. Monthly expense reports generally qualify as "at or near the time."

Rule if not requesting reimbursement from employer

If employees choose not to be reimbursed for business mileage, they cannot claim the expenses on their personal tax returns.