

**From the desk of
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IRS releases 2017 auto/truck Maximum FMVs

The Internal Revenue Service has released the 2017 maximum fair market values (FMVs) for employer-provided autos, trucks and vans, the personal use of which is used for fringe benefit purposes allocation for employee usage of employer provided vehicles at the mileage allowance rate (53.5¢ per mile for 2017).

The IRS has also has released the 2017 maximum fleet-average vehicle FMVs for autos, trucks and vans for purposes of the annual lease value (ALV) fringe benefit valuation method.

Maximum FMVs for cents-per-mile valuation of personal use

An employer must treat an employee's personal use of an employer-provided auto as fringe benefit income and value it using one of several methods.

One of the permitted methods allows an employer to value personal use at the mileage allowance rate (53.5¢ per mile for 2017).

This method may be used only if the auto's FMV does not exceed \$12,800 adjusted for inflation.

The inflation-adjusted figures for vehicles first made available to employees for personal use in 2017 are \$15,900 for autos (same as for 2016) and \$17,800 for trucks and vans such as passenger autos built on a truck chassis, including minivans and sport-utility vehicles (SUVs) built on a truck chassis, up from \$17,700 for 2016.

Maximum FMVs for fleet-average ALV rule

Under the table value method the fringe benefit value of an employee's personal use of a company-provided auto is found in a table in as provided by the IRS.

The employer determines the FMV of the auto, finds the dollar range in the table which corresponds to the FMV, and multiplies the ALV shown in the table for that FMV by the ratio of the employee's annual personal mileage for the auto to total annual mileage (employment-connected business driving plus personal driving).

An employer with a fleet of 20 or more autos may determine the ALV of each auto in the fleet as if its FMV were equal to the "fleet-average value".

This "fleet-average value" is the average of the FMVs of the autos in the fleet. The fleet-average valuation rule can't be used to compute the annual lease value of any auto which FMV exceeds an annually adjusted inflation-indexed figure.

The fleet-average valuation rule cannot be used to determine the ALV of any vehicle if its FMV on the date it is first made available in 2017 for employee personal use exceeds \$21,100 for a passenger auto (down from \$21,200 for 2016) or \$23,300 for a truck or van (up from \$23,100 for 2016).

If all other applicable requirements are met an employer with a fleet of 20 or more vehicles consisting of passenger autos as well as trucks and vans may use the fleet-average valuation rule as long as none exceeds its respective maximum allowable value.

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