

U.S. Master Tax Guide (Tax Research Consultant edition) (2010), 713. Compensation for Personal Services

Employer-Provided Vehicle. The value of the personal use of an employer-provided car may be computed under annual lease value tables. The annual lease value of an automobile is computed by first determining the fair market value (FMV) of the automobile on the first date it was made available to any employee for personal use. Under a safe-harbor provision, the employer's cost can be substituted for FMV, provided certain conditions are met. Once the FMV is established, the Annual Lease Value Table, prepared by the IRS, is consulted to determine the annual lease value that corresponds to the FMV ([Reg. §1.61-21\(d\)\(2\)\(iii\)](#)). ²⁹ The table is reproduced below. The annual lease values include the FMV of maintenance and insurance for the automobile but do not include the cost of gasoline provided by the employer. The fuel provided can be valued either at its FMV or at 5.5 cents per mile for all miles driven within the United States, Canada, or Mexico by the employee ([Reg. §1.61-21\(d\)\(3\)](#)).

<i>Automobile fair market value (1)</i>	<i>Annual Lease Value (2)</i>
\$ 0 to 999	\$600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350

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12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750

42,000 to 43,999	11,250
44,000 to 45,999	11,750
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For vehicles having a fair market value in excess of \$59,999, the Annual Lease Value is equal to:
(.25 x the fair market value of the automobile) + \$500.