

SENIOR MANAGEMENT AUTOMOBILE POLICY AND PROCEDURES

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SENIOR MANAGEMENT AUTOMOBILE POLICY AND PROCEDURES

I. INTRODUCTION

This chapter presents the policies and tax reporting procedures governing the use by senior managers of a University-leased or privately owned automobile. The Revised University Policy Concerning Senior Management Automobiles, dated January 29, 2007, is provided in Appendix A. Under the Policy, the following three options are available to senior managers:

- Use of an automobile leased by the University,
- A monthly cash allowance in lieu of an automobile, and
- Reimbursement of expenses when a privately owned automobile is used for official University business travel.

Reimbursement for expenses related to the business use of a personal automobile by an Associate of the President/Chancellor is covered in Section IV.

The chapter also includes a summary of the procedures applicable to automobiles loaned to the University by private parties for use by an employee.

II. OPTION 1 -- UNIVERSITY-LEASED VEHICLE

The taxation of a fringe benefit, such as an employer-provided automobile, is governed by regulations issued by the Internal Revenue Service (IRS) under section 1.61-21 of the Treasury Regulations. In general, the provision of an automobile to an employee is a taxable fringe benefit to the extent that the automobile is driven by the employee for personal purposes, including commuting.

The IRS Guidelines for Reporting and Withholding on Taxable Noncash Fringe Benefits (Announcement 85-113) permit an employer to elect not to withhold income taxes on the value of an employee's personal use of an employer-provided automobile. The University has elected to report information only, rather than withhold income tax.¹ However, the value of the employee's personal use of such automobiles is subject to withholding for both components of

¹ If an employer elects not to withhold income tax, the employee must be provided with written notice of such an election (Section II.E).

Social Security tax--Old Age, Survivors, and Disability Insurance (OASDI) and Medicare (see Section B.).²

A. DETERMINATION OF FAIR MARKET VALUE

** The amount that must be included in an employee's income for personal use of an employer-leased vehicle is based on the fair market value³ of the vehicle. The fair market value must be determined as of the first day on which it is made available to an employee for personal use. Generally, the fair market value of such a vehicle is the amount that would be paid to lease a comparable vehicle on comparable terms in the same geographic area. However, the fair market value of an automobile may be established using one of the following safe harbor methods:

- The manufacturer's invoice price (including options) plus 4%; or
- The manufacturer's suggested retail price (including sales tax and license fees) less 8%.

B. VALUATION METHODS

The IRS regulations contain the following special valuation rules for determining the value of an employee's personal use of an employer provided vehicle:

1. Lease Valuation Rule

Under the lease valuation rule, an employer may use the IRS's Annual Lease Value (ALV) Table to determine the value of an employee's personal use. The amount reportable to the IRS is the sum of the ALV of the automobile (determined based on the fair market value of the automobile) and the

² The employee's total salary is subject to Medicare tax whereas the OASDI tax is assessed up to the current wage base.

³ The fair market value of an automobile must be used for four years, unless the automobile is withdrawn sooner. If the automobile is not withdrawn after four years, a redetermination of the fair market value for another four years is required. If an automobile is transferred to another employee, a recalculation of the fair market value may be made, based on a new determination of the fair market value as of the beginning of the year of the transfer (due to the use of the special accounting period rule detailed in Section II.B.4., November 1 is considered the beginning of the year).

II. OPTION 1 -- UNIVERSITY-LEASED VEHICLE (Cont.)

B. VALUATION METHODS (Cont.)

1. Lease Valuation Rule (Cont.)

applicable fuel costs associated with the amount of personal use reported by the employee for the tax year. The ALV represents the value of an employer provided automobile for an entire calendar year, including the fair market value of maintenance and insurance; however, the ALV does not include fuel, which is computed as a separate cost component.

The rules for determining the ALV and the fuel cost associated with the employee's personal use are provided in Section C.2. below.

2. Cents-Per-Mile Valuation Rule

Under the cents-per-mile rule, the value of personal use is determined by multiplying the total number of personal use miles by the IRS standard mileage rate (Appendix D). The regulations permit the use of this valuation rule if the fair market value of an automobile does not exceed the amount specified in Appendix D. This amount is revised annually, based on the automobile price inflation adjustment announced by the IRS each November. Any increase in the standard mileage rate also is announced annually by the IRS (see Appendix D for the current rate). Each year, the accounting officers will be informed of the new automobile price inflation adjustment and the increase in the standard mileage rate, if any, by the Vice President--Financial Management.

In addition, the regulations limit the use of the rule to employer-provided automobiles that are either:

- regularly used for University business (at least 50% of the automobile's total mileage for the year, or any shorter period the automobile was in service during the year, must be devoted to University business); or
- actually driven primarily by the employee at least 10,000 miles during the year (to be reduced proportionately if the automobile was in service for a period of less than a year).

3. Selection of Valuation Rule

Generally, the valuation method used to calculate an employee's taxable benefit will be the lease valuation rule. However, if an automobile qualifies initially for the cents-per-mile valuation rule (i.e., the fair market value of the automobile is less than the amount specified in Appendix D), the campus accounting office should estimate the amounts reportable for the year under each valuation rule and select the method most favorable to the employee.

Under the consistency rules contained in the regulations, once a particular valuation rule has been adopted by an employer for an automobile *the rule must be used in all subsequent years in which the automobile is made available to the employee and/or qualifies for use of the rule.* However, if the automobile fails to qualify under the cents-per-mile valuation rule during a subsequent period, the University must use the lease valuation rule for that period.

C. REPORTING REQUIREMENTS

1. Annual Mileage Report

Each senior manager who is furnished with a University-leased vehicle is required to complete an Annual Mileage Report--University-leased Vehicle (Exhibit I) providing the following information:

- Total number of miles driven during the year;
- Percentage of personal use claimed, based on the number of miles driven for personal use, including commuting;
- Distance normally commuted if the vehicle was used for commuting;
- Whether the vehicle was available for personal use during off duty hours;
- Whether another vehicle was available for personal use; and
- Certification that records were maintained to document the claimed business mileage. (See substantiation requirements in Section C.)

II. OPTION 1 -- UNIVERSITY-LEASED VEHICLE (Cont.)C. REPORTING REQUIREMENTS (Cont.)2. Determination of Taxable Benefit Under the Lease Valuation Rule

Based on the information provided in the senior manager's Annual Mileage Report, the accounting office will calculate the taxable amount attributable to the personal use of the vehicle. The Determination of Taxable Benefit--University-leased Vehicle form (Exhibit II) will be used by the accounting office for this purpose.

Exhibit II-A contains the IRS Annual Lease Value Table. Column 1 of the Table identifies a series of dollar ranges that correspond to the fair market value of an automobile (see Section A.). The corresponding amount in Column 2 represents the ALV for each year the automobile is available to the employee. (If the automobile was available for less than an entire calendar year, the ALV must be prorated as provided in Exhibit II.) The ALV amount is multiplied by the percentage of personal miles driven (including commuting miles) to total miles driven during the tax period. The fuel cost per mile for each personal mile driven is specified in Appendix D.

The sum of the ALV and the cost of fuel for personal use will be reported by the accounting office on the employee's W-2 form. The accounting office also will provide a completed copy of the Determination of Taxable Benefit form to the employee for his or her income tax records.

3. Determination of Taxable Benefit Under the Cents-Per-Mile Valuation Rule

Under the cents-per-mile valuation rule, the amount reportable is arrived at by multiplying the IRS standard mileage rate (which includes fuel provided by an employer) by the personal mileage of the employee to whom the automobile was provided. The accounting office will use the Determination of Taxable Benefit form to make this calculation, based on information supplied in the employee's Annual Mileage Report.

A completed copy of the Determination of Taxable Benefit form, indicating the taxable amount

calculated under this rule, will be provided to the employee for his or her income tax records.

4. Special Accounting Period Rule

As stated above, the value of an employee's personal use of a University-leased automobile is subject to withholding for social security tax. Thus, in order to meet the campus payroll office deadline to withhold social security from the employee's December 1 paycheck, the University has elected to use a special accounting period rule provided by the IRS (Announcement 85-113). Under this rule, the value of a fringe benefit provided in the last two months of the calendar year is treated as though paid in the following year.⁴

Accordingly, an Annual Mileage Report must be submitted to the campus accounting office by *the fourth working day of November*;⁵ the information from this report will be used by the accounting office to calculate the amounts reported as additional income on the employee's W-2 Form.

D. SUBSTANTIATION REQUIREMENTS

Under both the lease valuation rule and the cents-per-mile rule, adequate records substantiating an employee's business use of an employer-provided automobile must be maintained (Internal Revenue Code section 274(d)).

In order to satisfy this requirement, it is recommended that the employee maintain in the vehicle, trip sheets or a mileage log book based on odometer readings. In addition to recording the total miles driven, the IRS requires that the number of miles devoted to business use and the date and business purpose of such use be documented at or near the time of use (i.e., on a weekly basis).

The regulations make clear that the use of approximations or unsupported records regarding the

⁴ Thus, the reporting period is November 1 of the prior year through October 31 of the current year. This rule, when used for a particular fringe benefit, must be used for all employees who receive the benefit.

⁵ The employee may choose to submit more than one report. If this is preferred, the reports must cover equal reporting periods for the taxable year, i.e., monthly, bimonthly, etc.

II. OPTION 1-- UNIVERSITY-LEASED VEHICLE (Cont.)
D. SUBSTANTIATION REQUIREMENTS (Cont.)

business use of an automobile may result in an IRS disallowance of the expense in its entirety (Temporary Regulation 1.274-5T (c) (3) (I)).

E. NOTIFICATION TO SENIOR MANAGER

The accounting office is required by IRS regulations to notify an employee, within **30 days** of the date that the University provides an automobile to the employee, of the valuation method to be used in determining the taxable benefit to the employee; the applicable substantiation requirements and the tax consequences of failure to comply with those requirements; the election not to withhold income taxes; and the election to use a special accounting period rule.

The sample notification letter contained in Exhibit III may be used to provide the employee with this information.

1. Valuation Method Used

The employee must be notified of the valuation method that will be used in determining the taxable benefit associated with the personal use of a University-leased vehicle. Failure to provide timely notice (within **30 days**) of the use of a special valuation rule (see Section B), ***in a manner likely to come to the employee's attention***, could result in the use of the rule being disallowed by the IRS. Notification is not required in subsequent years if the valuation method is unchanged.

2. Substantiation Requirements

The IRS requirements for substantiating the employee's business use of a University-leased vehicle are provided in Section D above. The employee must be notified of these requirements within **30 days** of the date the vehicle is first made available to the employee.

3. Tax Withholding

Since the University has elected not to withhold income tax on the value of an employee's personal use of a University-provided automobile, written notice to this effect must be provided within **30**

days of the date the automobile is first made available to the employee. **Notice must be provided in a manner reasonably expected to come to the employee's attention** (Announcement 85-113).

4. Use of a Special Accounting Period Rule

The University must inform the employee that it has elected to use a special accounting period rule and indicate the period for which the rule applies. The notification letter contained in Exhibit III must be provided within **30 days** of the date the automobile is first made available to the employee. However, the IRS also requires that notice be made to the employee at or near the time the employee receives his or her W-2 form, but no earlier than the date of the employee's last paycheck for the calendar year (Announcement 85-113). Accordingly, such notice also is included in the Determination of Taxable Benefit form that should be provided to the employee in December.

III. OPTION 2 -- PRIVATELY OWNED VEHICLE - CASH ALLOWANCE

Under Option 2 of the Policy, the entire monthly cash allowance provided to an employee for the business use of a privately owned automobile is subject to income and social security tax withholding (Internal Revenue Code Section 62(c)). Thus, the full amount of the allowance will be reported as additional income on the employee's W-2 form. Expenses associated with the use of the automobile for University business may be reported on the employee's tax return as a miscellaneous itemized deduction to the extent that such expenses exceed 2% of the employee's adjusted gross income.

IV. OPTION 3 -- PRIVATELY OWNED VEHICLE - REIMBURSEMENT

This option is available to all senior managers in place of Option 1 or 2, and, *in addition to these Options*, if the employee's University-leased vehicle is not available for use, or when the employee's business miles exceed the number of business miles covered under the cash allowance option. *However, the cash allowance for a privately owned vehicle is based on the assumption that the employee will drive 12,000 business miles per year; therefore, only business travel in excess of that number of business miles may be reimbursed under Option 3.*

In addition, this Option is available to Associates of the President/Chancellor for the reimbursement of expenses related to the business use of a personal automobile.

IV. OPTION 3 -- PRIVATELY OWNED VEHICLE - REIMBURSEMENT (Cont.)

The procedures governing the reimbursement of costs incurred while traveling on official University business are detailed in Business and Finance [Bulletin G-28](#), Policy and Regulations Governing Travel. Specific mileage reimbursement rates, *which may be different from the rates authorized by the IRS*, are provided in [G-28](#).

V. LOANED AUTOMOBILES PROVIDED BY A THIRD PARTY

For a fringe benefit to be taxable it need not be furnished directly to the employee by the employer. As long as the benefit is provided in connection with the performance of services for the employer, the benefit may be taxable. Thus, if a benefit such as an automobile is *provided by a third party through an arrangement with the employer*, the value of the personal use of the automobile is includable in the employee's gross income and must be reported as income by the employer (IRS Announcement 94-112). *Accordingly, tax reporting is required in connection with an employee's personal use of an automobile loaned to the University by a private party.*

Under the Guidelines on Acceptance and Use of Automobiles Loaned to the University by Private Parties (see Appendix B), the costs of fuel, maintenance, and insurance for a loaned automobile are the responsibility of the employee.

The value of the employee's personal use of the loaned automobile is determined in accordance with either the lease valuation rule or the cents-per-mile valuation rule (refer to Section II.B).

A. LEASE VALUATION RULE

The ALV amount determined in accordance with this rule includes the cost of both maintenance and insurance. If the lease valuation rule is used to calculate an employee's personal use of a vehicle, ***neither the employer nor the employee may reduce the ALV by the fair market value of a service, such as maintenance or insurance, even if such services are not provided by the employer*** (Reg. Sec. 1.61-21(d)(3)(I)). The cost of fuel, if provided by the employer, is computed as a separate cost component for each personal mile driven (see Appendix D).

B. CENTS-PER-MILE VALUATION RULE

The cost of fuel and the fair market value of maintenance and insurance are included in the IRS

standard mileage rate. Reg. Sec. 1.61-21(e)(4) provides that ***this rate may not be reduced by the fair market value of maintenance and insurance even if these services are not provided by the employer.*** However, if fuel is not provided by the employer, the IRS standard mileage rate may be reduced by the fuel cost per mile amount specified in Appendix C, when calculating the value of the benefit associated with the employee's personal use of the vehicle (Reg. Sec. 1.61-21(e)(3)(ii)).

University business mileage may be reimbursed in accordance with [G-28](#). However, to ensure that only the cost components borne by the employee are reimbursed, the mileage rate is limited to the loaned automobile mileage rate specified in Appendix D.

VI. RESPONSIBILITIES

The Office of the Senior Vice President--Business and Finance is responsible for announcing annually the maximum amounts authorized for University-leased vehicles and the monthly cash allowances for the use of privately owned vehicles.

The Vice President--Financial Management is responsible for announcing annually the automobile price inflation adjustment and any increase in the IRS standard mileage rate.

The accounting office must ensure that the taxable benefit associated with the personal use of a University-leased vehicle is reported to the payroll office in a timely manner.

VII. REFERENCES

Accounting Manual chapter:

[P-196-11](#) Accounting For and Tax Reporting of Mandatory Deductions and Insurance Benefit Contributions.

[L-217-11](#) Accounting and Reporting For Leases and Installment Purchase Contracts.

Business and Finance Bulletin:

[G-28](#) Policy and Regulations Governing Travel.

Internal Revenue Service:

Internal Revenue [Code 274\(d\)](#), Substantiation Required.

Internal Revenue [Code 62\(c\)](#), Certain Arrangements Not Treated as Reimbursement Arrangements.

Treasury [Reg. 1.61-21](#), Taxation of Fringe Benefits.

Announcement 85-113, Guidelines for Reporting and Withholding on Taxable Non-cash Fringe Benefits.

Announcement 94-112, Final Examination Guidelines for Colleges and Universities, August 25, 1994.

Letters and Memoranda:

President Robert C. Dynes, Memorandum to the Chancellors, et al, on Revised University Policy Concerning Senior Management Automobiles, January 29, 2007.

Senior Vice President Brady, Memorandum to Chancellors/Laboratory Directors on The Guidelines on Acceptance and Use of Automobiles Loaned to the University by Private Parties, November 16, 1987.

Director Donald L. Alter, Memorandum to Campus Accounting Officers on Tax Considerations--Personal Use of Automobiles Loaned to the University by Private Parties, March 28, 1990.

Historical note: Original Accounting Manual chapter published 9/30/94. Revised 12/30/94, 6/30/95, 9/30/95, 12/30/95, 3/31/96, 12/30/96, 3/31/97, 6/30/97, 12/30/97, 3/31/98, 12/30/98, 6/30/99, 12/30/99, 6/30/00, 6/30/01, 12/30/01, 6/30/05, 3/31/07, 3/31/08, and 2/28/09; analyst--J. Barrett.

Exhibit I

Campus Letterhead)

Date _____

To: Accounting Office

Re: Annual Mileage Report -- University-leased Vehicle

I hereby certify that for the ____ - month period ended _____, 20____, I drove my University-leased automobile (vehicle license number _____) a total of _____ miles. Of this amount, _____ miles (_____ percent) were devoted to personal use, including _____ miles driven for commuting.

I am also providing the following additional information (check appropriate space):

- () Another vehicle was available for my personal use
- () No other vehicle was available for my personal use
- () My University-leased automobile was available for my personal use during off duty hours
- () My University-leased automobile was not available for my personal use during off duties hours.
- () I did not use my University-leased automobile for commuting
- () I did use my University-leased automobile for commuting (the distance for one round trip is _____ miles).

I further certify that I will maintain adequate written substantiating records to support the business use of my University-provided automobile for the period of this report.

Signature _____

Title _____

* (Campus Letterhead)

Exhibit II

Date _____

To: Senior Manager

Re: Determination of Taxable Benefit -- University-leased Vehicle

Based on the information submitted on your Annual Mileage Report for the period ended _____, 20____, we calculated the tax benefit associated with your University-leased automobile (vehicle license number _____). The following data were used in making this calculation:

<u>ITEM</u>	<u>AMOUNT</u>
Personal Mileage (PM)	_____
Total Mileage (TM)	_____
Annual Lease Value (ALV)	\$ _____
Report Period (RP)	_____
Fuel Cost Per Mile (FCM)	\$ _____
Fair Market Value (FMV)	\$ _____
Date Vehicle Made Available	_____

The amount taxable, which will be reported on your W-2 form, was determined using the lease valuation rule:

Personal Mileage Cost:	_____	(PM)	x	_____	(ALV)	=	\$	_____
Fuel Cost:	_____	(FCM)	x	_____	(RP)	=	\$	_____
Total							\$	_____

In order to withhold applicable FICA taxes, the University has elected to use an IRS special accounting rule with respect to this benefit. Accordingly, the period for reporting the use of the vehicle will be November 1 of the prior year through October 31 of the current year. Applicable FICA taxes will then be withheld from your December 1 paycheck.

Signature _____

Title _____
Accounting Office

Exhibit II-A

* IRS ANNUAL LEASE VALUE TABLE
Automobile fair market value Annual Lease Value

\$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
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
46,000 to 47,999.....	12,250
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

- 1 1 = annual; 2 = semiannual; 4 = quarterly; 6 = bimonthly;
12 = monthly
- 2 The fair market value may be used for four years after which a redetermination of value must be made
- 3 See Appendix D of Accounting Manual chapter E-821
- *4 Reproduced in part from Reg. 1.61.21(d)(2)(ii)(C)

*(Campus Letterhead)

Exhibit III

Date _____

To: Senior Manager

Re: University-leased Vehicle

In accordance with Internal Revenue Service (IRS) regulations governing the taxation of fringe benefits, we are required to provide you with the following information regarding your University-leased vehicle:

- (1) Each year you will be asked to complete an Annual Mileage Report of your business and personal miles driven using the vehicle. Based on this Report, the amount of taxable income related to your personal miles, including commuting miles, will be determined using the IRS lease valuation rule.
- (2) In order to withhold applicable FICA taxes, the University has elected to use an IRS special accounting rule with respect to this benefit. Accordingly, the period for reporting the use of the vehicle will be November 1 of the prior year through October 31 of the current year. Applicable FICA taxes will then be withheld from your December 1 paycheck.
- (3) The University has elected not to withhold income tax on the personal use of your University-provided vehicle. Therefore, in order to avoid making estimated tax payments or incurring a penalty for underpayment of estimated taxes, you may wish to increase withholding from your regular wages by adjusting your W-4 form.
- (4) Under Internal Revenue Code section 274(d), the IRS requires adequate substantiation of an employee's business use of an employer-provided vehicle. A diary, log book, or trip sheets, maintained at or near the time of use (e.g., on a weekly basis), recording the total miles driven, the miles devoted to business use, and the date and time of such use is considered adequate substantiation. You will need to maintain this information in order to report your total business and personal miles on your Annual Mileage Report.
- (5) Failure to comply with these substantiation requirements through the use of approximations or unsupported records may result in an IRS disallowance of all business expenses claimed.

Accounting Manual chapter E-821, Senior Management Automobile Policy and Procedures, contains additional information concerning the reporting procedures for senior management automobiles.

Signature _____

Title _____

*APPENDIX A

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

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January 29, 2007

**CHANCELLORS
LABORATORY DIRECTORS
EXECUTIVE VICE PRESIDENTS
VICE PRESIDENTS
PRINCIPAL OFFICERS OF THE REGENTS**

Revised University Policy Concerning Senior Management Automobiles

The Policy Concerning Senior Management Automobiles has been revised to extend eligibility for a monthly cash allowance to those individuals who are appointed as Acting President, Acting Chancellor, or Acting Laboratory Director. The revised policy also provides a definition of American-made vehicles. The Policy, published as Appendix A of Accounting Manual Chapter E-821, supersedes the February 18, 1998 version and is effective immediately.

This Policy governs (1) the use by certain senior managers of automobiles leased by the University, (2) the availability of a monthly allowance in lieu of a leased vehicle, and (3) the reimbursement of expenses of specified senior managers for official travel associated with use of their privately-owned vehicles. The group of senior managers covered by this policy includes the President, Chancellors, Laboratory Directors, Executive Vice Presidents, Vice Presidents, principal Vice Chancellors, Vice Chancellors for University Affairs, Medical Center Directors, and Principal Officers of The Regents.

Recommendations by a Chancellor or an Executive Vice President to extend coverage to other senior managers, as exceptions to this Policy, should be directed to the President for consideration and approval.

Each Chancellor is responsible for funding the campus senior management automobile program. Within the Office of the President, the program will be funded by the separate budgets of the President, the Executive Vice Presidents, and the Principal Officers of The Regents, respectively. Laboratory senior management automobile allowances shall be provided by the Laboratory Administration Office. No General Funds may be used to support the senior management automobile program.

*APPENDIX A (Cont.)

-2-

Eligible senior managers may choose from one of the following options, as noted:

Option I -- University-leased Vehicle

Option I is not available to Laboratory Directors or to individuals with an Acting Title.

The University will arrange to lease an American-made vehicle for eligible senior managers electing this option. Under the Buy America Act, American-made vehicles are defined as products manufactured in the U.S. that consist of more than 50% U.S. parts. The American Automobile Labeling Act provides that each car manufactured for sale in the U.S. must bear a label disclosing where the car was assembled, the percentage of equipment that originated in the U.S., and the country of origin of the engine and transmission. This label, commonly referred to as the MSRP label, may be used to determine the U.S. content.

The University will provide insurance coverage for leased automobiles, as well as a credit card for charging vehicle operating expenses. The maximum amount allowed for the lease of a new automobile will be approved by the President and announced annually.

Senior managers electing Option I will be required to annually report their business and personal use of the vehicle in accordance with the procedures contained in Accounting Manual chapter E-821. The value of all personal use, including commuting miles driven by the senior manager, will be treated as additional wages subject to withholding for FICA, but not income taxes.

At the end of the lease agreement, the senior manager may arrange through the University to purchase the vehicle.

Option II -- Privately-Owned Vehicle - Cash Allowance

Eligible senior managers electing this option will receive a monthly cash allowance from the University, the amount of which will be approved by the President and announced annually. The cash allowance will be based on a pro rata equivalent of the maximum annual lease value and will be paid to the senior manager as additional wages subject to withholding for both income and FICA taxes.

This option is also available to individuals who are appointed as Acting President, Acting Chancellor, or Acting Laboratory Director.

For senior managers to whom coverage has been extended as an exception to this Policy, the cash amount must be approved by the President upon recommendation of the Chancellor or Executive Vice President, and generally will fall between 50% and 100% of the monthly cash allowance.

*APPENDIX A (Cont.)

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Option III – Privately-Owned Vehicle - Reimbursement

This option is available to all specified senior managers in lieu of Option I or II. It also is available as an additional option when the University-leased vehicle is not available for use, or when the senior manager has exceeded the maximum business miles (i.e., 12,000 per year) used to calculate the amount of the cash allowance. Procedures for reimbursement of University business travel and mileage reimbursement rates are set forth in Business and Finance Bulletin G-28, Policy and Regulations Governing Travel. This Bulletin also addresses the procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business.

Amounts that are treated as wages under this Policy are not considered as compensation for University benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

Additional information concerning each option may be found in Accounting Manual Chapter E-821. Any questions should be directed to the Vice President--Financial Management.

Sincerely,



Robert C. Dynes

cc: Members, President's Cabinet
Principal Officers of The Regents
Associate Vice President Boyette
Associate Vice President Van Ness
Acting Assistant Vice President O'Rourke
Assistant Vice President Plotts
Controllers
Campus Materiel Managers
Manager O'Neill
Universitywide Policy Coordinator Capell

*APPENDIX B

UNIVERSITY OF CALIFORNIA

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BARBARA BARBERA • SECRETARY CLERK

EXECUTIVE VICE PRESIDENT
BUSINESS OPERATIONS

OFFICE OF THE PRESIDENT
1171 Franklin Street, 12th Floor
Oakland, California 94607-5200
510/987-8129

December 19, 2008

**PRESIDENT YUDOF
CHANCELLORS
LABORATORY DIRECTOR CHU
INTERIM PROVOST GREY
EXECUTIVE VICE PRESIDENT DARLING
SENIOR VICE PRESIDENTS
VICE PRESIDENTS
PRINCIPAL OFFICERS OF THE REGENTS**

Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances for 2009

In accordance with the University Policy Concerning Senior Management Automobiles issued January 29, 2007, I am writing to announce the maximum amount authorized for (1) a leased automobile available under Option I of the Policy, and (2) the monthly cash allowance for University business use of a privately-owned automobile, authorized under Option II of the Policy. Effective January 1, 2009, those rates will remain as follows:

Option I--University-Leased Vehicles

The capitalized cost of a new, leased automobile (including all options and accessories) shall not exceed \$31,300, plus sales tax and license.

Option II--Cash Allowance

The monthly cash allowance will remain at \$743 for 2009. The annualized value of this allowance is comparable to the annual lease value associated with the maximum amount authorized in Option I.

Katherine N. Lapp
Executive Vice President

- cc: Senior Vice President Vacca
- Vice President Broome
- Acting Associate Vice President Capomiglio
- Assistant Vice President Potts
- Interim Executive Director Price
- Controllers
- Manager O'Neill
- Universitywide Policy Coordinator Caputi



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DAVID FREEMONT CARDWELL
President

ROSEALD W. BRADY
Senior Vice President -
Administration

OFFICE OF THE PRESIDENT
BERKELEY CALIFORNIA 94720

November 15, 1987

CHANCELLORS
LABORATORY DIRECTORS

Guidelines on Acceptance and Use of Automobiles Loaned to the University by Private Parties

These Guidelines govern the acceptance of automobiles loaned to the University by private parties for use by University employees.

The Chancellor or Laboratory Director may authorize the acceptance of automobiles loaned to the University for use by University employees. Such authorization shall be based on the Chancellor's or Laboratory Director's determination that the transaction is in accordance with sound business practices and is in the best interest of the University. While such loaned automobiles may be offered to and accepted by the University in exchange for University goods or services, such exchange is not required. An automobile offered solely for the personal use of an employee may not be accepted, although occasional personal use of loaned automobiles is permitted.

Arrangements for loaned automobiles shall be accepted only by a campus or Laboratory official designated by the Chancellor or Laboratory Director. The terms of any such loaned automobile arrangements shall be specified, in writing, and approved as to legal form by the General Counsel.

Subsequent assignment of loaned automobiles to an employee shall be documented by a written agreement executed by the Chancellor or Laboratory Director or the Chancellor's or Laboratory Director's designate and by the employee.

All costs of operation and maintenance, including the cost of insurance, shall be the responsibility of the employee to whom a loaned automobile is assigned. Reimbursement for University business mileage shall be in accordance with procedures contained in Business and Finance Bulletin 6-28, Policy and Regulations Governing Travel, except that the reimbursement rate shall be adjusted to assure that only cost components borne by the employee are reimbursed.


Procedures related to loaned automobiles, including federal and State tax reporting, will be issued by the Office of the Associate Vice President--Business and Finance.

APPENDIX C (Cont.)

Chancellors/Laboratory Directors
Page 2
November 16, 1987

Questions concerning these Guidelines should be directed to the Office of the Associate Vice President--Business and Finance.

cc: President Gardner
Members, President's Cabinet
Associate Vice President Pastrone
Director Alter
Director Rogia
Campus Accounting Officers



Ronald W. Brady

Appendix D

Mileage Rates, Fuel Cost Per Mile,
Fair Market Value Limitation, and
Social Security Wage Base

* Effective January 1, 2007

Loaned Automobile Mileage Rate	23.5 cents
Fuel Cost Per Mile	5.5 cents
* Fair Market Value for Use with Cents-Per-Mile Rule	\$15,100 or less