



## COMPTROLLER of MARYLAND

**Brooke E. Lierman**  
*Comptroller*

**Dhiren V. Shah**  
*Director*  
Central Payroll Bureau

TO: All State Agencies

FROM: Dhiren V. Shah, Director  
Central Payroll Bureau

DATE: November 12, 2024

SUBJECT: Tax Reporting on Personal Use of State Motor Vehicles

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The personal use of state owned, or leased vehicles is considered a non-cash fringe benefit subject to reporting and taxes. Under provisions of the Internal Revenue Code, the State of Maryland elected to not withhold Federal or State income tax on this fringe benefit. Federal Insurance Contributions Act (FICA) - Social Security and Medicare taxes will be withheld from the paychecks of employees who are FICA taxable.

This year the reportable taxing period covers November 1, 2023, through October 31, 2024. As in prior years, the State Fleet & Travel Management Unit of the Department of Budget and Management will submit Auto Fringe Benefit Reports to the Central Payroll Bureau for the affected employees. These reports will be processed in the pay period ending December 10, 2024 for employees of the Regular Payroll system. The reports received too late for the December 10, 2024 will be processed for the pay period ending December 24, 2024. **Reports submitted to the Central Payroll Bureau after December 24, 2024 will result in a W-2 correction that may require the taxpayer to file an amended tax return.**

The value of the fringe benefit will be posted to the employee's Federal and State taxable earnings, and FICA tax, where applicable, will be deducted from current pay. These actions will appear on the employee's earnings statement as "AUTO FR VAL" and on the annual Wage and Tax Statement (Form W-2) as an increase to taxable wages and FICA tax. The net of an employee's check will decrease due to the additional FICA tax withholding.

Questions regarding the Vehicle Fringe Benefit Program should be directed to the Department of Budget and Management's Auto Fringe Coordinator at 410-260-7337.

Please provide a copy of this memorandum to all employees who are assigned a state vehicle, even if they do not pay a commute fee.

