November 6, 2015

Information Paper: Taxability of Domicile to Duty Benefits for CY 2015

Purpose: This paper provides information on the income tax implications of employer provided home-to-work (i.e., domicile to duty) transportation when DoD provides a vehicle for the use of an employee (e.g., Service member or civilian).

Background:

- Employees must be approved by appropriate authority to receive domicile to duty benefits.
- The domicile to duty benefit is taxable as wages, even if it is provided for security reasons.
- Commuting expenses are not deductible, because they are not considered business expenses.

Key Points:

- Employees receiving domicile to duty benefits must send DFAS the certified fringe benefit amounts they received no later than December 15 of each calendar year so that DFAS can ensure that the income is reflected on the employees' tax forms (i.e., IRS Form W-2).
- To calculate the benefit amount received, employees can choose one of four methods:
  - Commuting Valuation Rule: $1.50 for each one way commute. This special valuation rule will generally be used by most senior officers and employees who for bona fide non compensatory reasons (e.g., security) are required to commute. This rule is simpler than the other methods and will result in lower taxable income for employees in most cases.
  - Cents-per-Mile Valuation Rule: The taxable benefit is 57.5 cents per mile in 2015. If fuel is not provided by the employer, the amount can be reduced by up to 5.5 cents per mile. This option may produce less income if the employees' commute is 2 miles or less.
  - Automobile Lease Valuation (ALV) Rule: The taxable benefit is determined by a Treasury Regulation table based on the fair market value (FMV) of the vehicle. The amount is pro-rated based on how long the vehicle is provided to the employee.
  - General Valuation Rule: The value of the commute is the amount that an individual would have to pay in an arm's-length transaction to lease a comparable vehicle under comparable conditions in the same geographic area. Although this is the default rule, it is not preferable, because it will generally result in higher taxable income for employees.

Recommendations:

- If more detailed information is needed (e.g., who can qualify to use specific rules, how the benefit amounts are calculated, etc.), please see Appendix 1's enclosures (e.g., Enclosure 1 includes how to determine the FMV of chauffeur services; Enclosure 2 shows calculations using the commuting, cents-per-mile, and automobile lease valuation rules).
- Employees should keep a log (e.g., Appendix 2) of their commuting trips throughout the year so that they can easily calculate their benefits and turn in their certified amounts (e.g., Appendix 3) to DFAS no later than December 15, each year.
- A legal review should be attached. Appendix 4 shows a sample legal review.

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Appendix 1: Taxability of Domicile to Duty Benefits for CY 2015

1. Background.

a. Taxable Benefit. The benefit of employer-provided home-to-work (i.e., domicile to duty) transportation is taxable as wages or salary, even if provided for security reasons.

(1) Commuting expenses are not deductible for federal income tax purposes, because they are personal expenses, not business expenses. Treas. Reg. § 1.162-2(e). Treas. Reg. § 1.262-1(b)(5).

(2) The IRS and courts have consistently ruled that commuting expenses are nondeductible because they are incurred for personal, not business purposes (i.e., taxpayers incur commuting expenses, because they choose to live away from their places of employment; if they lived closer to work, they could walk). *Fausner v. Commissioner* 413 U.S. 838 (1973). *McCabe v. Commissioner*, 688 F.2d 102 (2d Cir.), *cert. denied*, 459 U.S. 906 (1982).

b. Valuation of Transportation benefits. Treas. Reg. § 1.61-21 and Treas. Reg. § 1.132-5 provide detailed rules concerning taxation of employer provided fringe benefits, including valuation of employee-provided home-to-work transportation.

2. Employee Options. An employee may choose to use the general valuation rule or elect to use one of the "special valuation rules." The special valuation rules generally result in a lower value of the benefit (and lower taxable income) to the employee. The regulations provide three special valuation rules: the commuting valuation rule, the cents-per-mile valuation rule, and the automobile lease valuation rule.

a. Commuting Valuation Rule. Treas. Reg. § 1.61-21(f).

(1) Who may use this valuation method? Employees who satisfy the requirements of either (A) or (B) below may use this valuation method.

(A) Any DoD employee (other than a control employee)[1] may use this valuation method if:

(i) For bona fide non compensatory reasons (*e.g.*, security), the employee is required to commute;

(ii) There is a written policy that neither the employee nor family members may use the vehicle for personal use other than commuting or *de minimis* personal use (such as a

[1] A control employee is any elected official, or employee/member whose compensation equals or exceeds the compensation paid to a Federal Government Employee at Executive Level V. Treas. Reg. § 1.61-21(f)(6). A control employee is not disqualified from using this valuation rule if the vehicle provided to the control employee is not an automobile, as defined by Treas. Reg. § 1.61-21(d)(1)(ii). Treas. Reg. § 1.61-21(f)(2)(ii). The term "automobile" means any four-wheeled vehicle manufactured primarily for use on public streets, roads, and highways. Treas. Reg. § 1.61-21(d)(1)(ii). Note: if transportation is provided during a period of a bonda fide business-oriented security concern as established by a security study, control employees may use this valuation method. Treas. Reg. § 1.132-5(m)(6).

stop for a personal errand on the way between conducting official business and the employee's home);

(iii) Except for *de minimis* personal use, the employee does not use the vehicle for any personal purpose other than commuting; and

(iv) The vehicle is not chauffeur driven.[2]

(B) Provided the automobile is used for the period of a bona fide business-oriented security concern,[3] any DoD employee may use this valuation method.[4] Additionally, the employee may exclude the value of any authorized personal use (other than commuting) of the vehicle that the security study determines to be reasonable and necessary for local transportation.[5]

(2) The value ascribed to the transportation using this rule is $1.50[6] per each one-way commute; this may be considerably less than the other valuation methods. Note that under this rule, it is possible to incur more than two one-way commutes per duty day, as every trip between domicile and place of duty (whether that be one's office, airport for temporary duty purposes, or an off-site official function, meeting, or event) via employer-provided vehicle, is considered a one-way commute for purposes of this rule.[7]

(3) When made available for the period of a bona fide business-oriented security concern, the $1.50 amount includes the value of the bodyguard/driver. **This is the**

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[2] For purposes of the Commuting Vehicle Valuation Rule, an individual will not be considered a chauffeur if he or she performs non-driving services for the employer, is not available to perform driving services while performing such other services and whose only driving services consist of driving a vehicle used for commuting by other employees of the employer. Treas. Reg. § 1.61-21(f)(2)(i).

[3] Treas. Reg. § 1.132-5(m)(2). A bona fide business-oriented security concern exists only if the facts and circumstances establish a specific basis for concern regarding the safety of the employee/member. No bona fide business-oriented security concern will be deemed to exist unless the employer establishes that an overall security program has been provided with respect to the employee involved. Normally, an overall security program is one in which security is provided to protect the employee on a 24-hour basis. However, an overall security program with respect to an employee is deemed to exist if:

[A] A security study is performed with respect to the employer and the employee (or a similarly situated employee of the employer) by an independent security consultant;

[B] The security study is based on an objective assessment of all facts and circumstances;

[C] The recommendation of the security study is that an overall security program is not necessary and the recommendation is reasonable under the circumstances; and

[D] The employer applies the specific security recommendations contained in the security study to the employee/member on a consistent basis.

[4] Treas. Reg. § 1.132-5(m)(6) allows this method to be used when necessary to satisfy a bona fide security concern. The requirements for using this valuation method (e.g., the requirement that the value of a driver be added to the applicable cents-per-mile rate) are waived for government employees during the period of a "bona fide security concern." Treas. Reg. § 1.132-5(m)(5).

[5] Treas. Reg. § 1.132-5(m)(1).

[6] Treas. Reg. § 1.132-5(m)(6). 26 C.F.R. 1.61-21(f)(3)(i).

[7] IRS Rev. Rul. 99-7 (1999).

recommended special valuation rule for all government employees who qualify for the security exception and who reside 3 or more miles from their place of work.

b. Cents-Per-Mile Valuation Rule. Treas. Reg. § 1.61-21(e).

(1) Who may use this valuation method? Employees who satisfy the requirements of either (A) or (B) below may use this valuation method.

(A) Provided the passenger automobile is first made available for personal use in calendar year 2015 and does not exceed $16,000 in value,[8] any DoD employee may use this valuation method if:

(i) DoD reasonably expects the vehicle will be regularly used to conduct official business throughout the calendar year; or

(ii) The vehicle is actually driven at least 10,000 miles during the year and use of the vehicle throughout the year is primarily by employees.

(B) Provided the automobile is used for the period of a bona fide business-oriented security concern,[9] any DoD employee may use this valuation method.[10] Additionally, the employee may exclude the value of the personal use (other than commuting) of the employer-provided vehicle that the security study determines to be reasonable and necessary for local transportation.[11]

(2) For 2015, a taxpayer who uses this method multiplies the number of personal miles by a rate of 57.5 cents-per-mile.[12]

(A) If fuel is provided by the employer, it is included in the cents-per-mile rate. If fuel is not provided by the employer, the cents-per-mile rate may be reduced by no more than 5.5 cents per mile for miles driven in the U.S., Canada or Mexico. However, for miles driven outside the U.S., Canada, or Mexico the cents-per-mile rate does not reflect the FMV of fuel and

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[8] The 2015 rate is set in Notice 2015-1 ($16,000 for passenger vehicle and $17,500 for truck or van). This amount is adjusted annually pursuant to a formula prescribed by law. If the automobile was first made available in a prior year, a different limit may apply. The Internal Revenue Service publishes this value annually. Prior rates for passenger automobiles are as follows: The 2014 rate is set in Notice 2014-11 ($16,000 for passenger vehicle and $17,300 for truck or van). The 2013 rate is set in Notice 2013-27 ($16,000 for passenger vehicle and $17,000 for truck or van). The 2012 rate is set in Rev. Proc. 2012-13 ($15,900 for passenger vehicle and $16,700 for truck or van). The 2011 rate set in Rev. Proc. 2011-11 is $15,300. The 2010 rate set in Rev. Proc. 2010-10 is $15,300. The 2009 rate set in Rev. Proc. 2009-12 is $15,000. The 2008 rate set in Rev. Proc. 2008-13 is $15,400. The 2007 rate set in Rev. Proc. 2007-11 is $15,100. The 2006 rate set in Rev. Proc. 2006-15 is $15,000. The 2005 rate set in Rev. Proc. 2005-48 is $14,800. For earlier years see Rev. Proc. 2004-20 and Rev. Proc. 2003-75.

[9] See note 3 for the definition of a bona fide business-oriented security concern.

[10] Treas. Reg. § 1.132-5(m)(6) allows this method when necessary to satisfy a bona fide security concern.

[11] Treas. Reg. § 1.132-5(m)(1).

[12] Notice 2014-79 (providing a standard mileage rate for business of 57.5 cents). *See also*, Rev. Proc. 2010-51 (the standard mileage rate will be published in annual notices).

the cents-per-mile rate may be reduced by 5.5 cents per mile unless the employer reimburses the cost of fuel or provides it in kind, in which case it must be valued at its FMV. Treas. Reg. § 1.61-21(e)(3)(ii).

(B) When a chauffeur is provided, the value of those chauffeur services must be added to these amounts.

(3) This method should be considered if the employee who qualifies for the security exception resides 2 miles or less from work.

c. <u>Automobile Lease Valuation (ALV) Rule</u>. Treas. Reg. § 1.61-21(d).

(1) <u>Who may use this valuation method</u>? Any DoD employee/member of the uniformed services may use this valuation method.

(2) <u>Entire year</u>. If the employee is provided with an automobile that is available for the entire calendar year, the value of the benefit provided is the ALV of the automobile. Treas. Reg. § 1.61-21(d)(1)(i)

(3) <u>Less than a year</u>. If the vehicle is provided to the employee for less than a full year, the ALV is "prorated annual lease value" or a "daily lease value." Treas. Reg. § 1.61-21(d)(4).

(A) Where an employer-provided auto is continuously available to the employee for a period of 30 or more days, but less than an entire calendar year, the value of the availability is the "prorated annual lease value," calculated by multiplying the ALV by a fraction, the numerator of which is the number of days of availability and the denominator of which is 365. Treas. Reg. § 1.61-21(d)(4)(i)(A).

(B) Where an employer-provided auto is continuously available to the employee for at least one, but less than 30 days, the value of the use of the auto is its "daily use value," calculated by multiplying the ALV by a fraction, the numerator of which is four times the number of days of the auto's availability (unless an election is made to treat all periods of continuous availability of the auto as periods of at least 30 days) and the denominator of which is 365. Treas. Reg. § 1.61-21(d)(4)(ii).

(4) <u>Calculating the ALV</u>. One calculates the ALV by first determining the fair market value (FMV) of the automobile as of the first date the automobile is made available to any employee for personal use (this may be recalculated every four years). Generally FMV is the amount someone would have to pay an unrelated third party to purchase the auto. The value of telephones or specialized equipment needed for the employer's business do not have to be included in the FMV of the auto if they are not susceptible to personal use and are not used in another business by the employee.

(A) FMV may be determined under safe harbor rules. For a newly purchased auto, the purchase price in an arm's-length transaction can be used as FMV. Sales taxes and title fees are included in the FMV.

(B) For employer-leased autos, reasonable retail values that are regularly reported in a nationally recognized publication can be used as FMVs. An alternative FMV for employer-leased autos is the manufacturer's suggested retail price less 8% (but including sales tax, title, and other expenses).

(C) The employer may also use the manufacturer's invoice price (including options), plus 4%, as the FMV of an employer-leased vehicle. Notice 89-110, 1989-2 CB 447.

(5) Once the FMV is determined, use the table in Treas. Reg. § 1.61-21(d)(2)(iii) to calculate the ALV. Locate the FMV of the vehicle in the first column; the ALV is indicated in the second column. For example, if the FMV of the vehicle is $30,000, the ALV is $8,250.

(6) The ALV must be reduced to account for business use of the vehicle (i.e. the amount attributable as a "working condition fringe benefit"). Treas. Reg. § 1.61-21(d)(2)(ii)(B). The individual is subject to tax on the percentage use of the home-to-work miles as opposed to the business miles. Treas. Reg. 1.132-5(b)(1)(i). For example, if the home-to-work miles represent 10% of the total miles, then 10% of the ALV is taxable. (see Enclosure 2, example C).

(7) If fuel is provided by the employer, it is valued at the FMV based on the facts and circumstances. In the alternative, fuel may be valued at 5.5 cents per mile, if the miles are driven in the U.S., Canada or Mexico. Treas. Reg. § 1.61-21(d)(3)(ii)(B).

(8) When a chauffeur is provided, the FMV of chauffeur services must be added to this amount (see Enclosure 1).

d. <u>General Valuation Rule</u>. The general valuation method is the default option, although it produces the most taxable income to the detriment of employees. Under the general valuation method, the taxable benefit is determined by "the amount that an individual would have to pay in an arm's-length transaction to lease the same or comparable vehicle on the same or comparable conditions in the geographic area in which the vehicle is available for use." Treas. Reg. § 1.61-21 (b)(4)(i). Under this method, the value of chauffeur services must be added to the value of the vehicle. The valuation of such "chauffeur" services is determined by "the amount that an individual would have to pay in an arm's-length transaction to obtain the same or comparable chauffeur services in the geographic area, including the time the chauffeur is on-call as well as actual driving time." Treas. Reg. § 1.61-21(b)(5)(i)(A).

3. <u>Other Considerations</u>.

a. <u>Use of the Vehicle by Spouses and Dependents</u>. In general, personal use of a government vehicle by a spouse or dependent constitutes taxable income to the employee, unless there is a bona fide business oriented security concern.

(1) The value of local vehicle transportation provided to the employee's spouse and dependents for personal purposes, other than commuting, will not be included in the employee's gross income during the period that a bona fide business-oriented security concern exists with respect to the employee, if the personal use is determined to be reasonable and necessary by a security study. Treas. Reg. 1.132-5(m)(1) and (2).

(2) If a bona fide business-oriented security concern exists with respect to an employee (e.g., threats are made on the life of the employee), the bona fide business-oriented security concern is deemed to exist for dependents that travel in the same vehicle at the same time as the employee. Treas. Reg. 1.132-5(m)(3).

b. DoD Requirements.

(1) IAW DOD 7000-14-R, Financial Management Regulation, vol. 7A, table 44-1, note 14, each member's Service shall:

(A) Identify members receiving government employer-provided home-to-work transportation, certify that the fringe benefits were authorized, calculate and certify the value of the taxable fringe benefits, and submit the appropriate taxable gross income amounts to the servicing DFAS central site no less often than once a year. Exception: When members receive taxable fringe benefits from active duty assignments outside their DoD Component, the agency providing the taxable fringe benefit calculates the value of the benefit provided, and the member's Service verifies the correctness of the calculations;

(B) Keep members receiving such benefits advised of the tax liability annually accruing to them.

(2) Members' certified taxable fringe benefit amounts must be sent to the supporting DFAS Center no less often than annually and not later than December 15, each year, for processing to:

(A) Include the taxable non-cash benefit amounts in members' gross income;

(B) Withhold and deduct appropriate federal and state income taxes (not FICA taxes); and

(C) Generate Forms W-2 that reflect the adjusted gross income and withholdings. Military Service field finance offices are not authorized to process taxable fringe benefits as additional taxable wages, to withhold applicable taxes, or to generate manual Forms W-2.

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Date: November 6, 2015

Appendix 1: Enclosure 1

DETERMINING THE FAIR MARKET VALUE OF CHAUFFEUR SERVICES
(Extract Treas. Reg. § 1.61-21(b)(5))

1. The fair market value of chauffeur services provided to the employee by the employer is the amount that an individual would have to pay in an arm's-length transaction to obtain the same or comparable chauffeur services in the geographic area for the period in which the services are provided. In determining the applicable fair market value, the amount of time, if any, the chauffeur remains on-call[13] to perform chauffeur services must be included. Moreover, all other aspects of the chauffeur's services (including any special qualifications of the chauffeur (e.g., training in evasive driving skills) or the ability of the employee to choose the particular chauffeur) must be taken into consideration.

2. Alternative valuation with reference to compensation paid. Alternatively, the fair market value of the chauffeur services may be determined by reference to the compensation received by the chauffeur from the employer.

a. Compensation" means compensation and the fair market value of nontaxable lodging (if any) provided by the employer to the chauffeur in the current year.

b. Adjustments to compensation. A chauffeur's compensation is reduced proportionately to reflect the amount of time during which the chauffeur performs substantial services for the employer other than as a chauffeur and is not on-call as a chauffeur.

Example 1 (Treas. Reg. § 1.61-21(b)(5)(ii)(B)). Assume a chauffeur is paid $25,000 a year for working a ten-hour day, five days a week and also receives $5,000 in nontaxable lodging. Further assume that during four hours of each day, the chauffeur is not on-call to perform services as a chauffeur because that individual is performing secretarial functions for the employer. Then, for purposes of determining the fair market value of this chauffeur's services, the employer may reduce the chauffeur's compensation by 4/10 or $ 12,000 (.4 x ($25,000 + $5,000) = $12,000). The fair market value of the chauffeur's services is $18,000 ($30,000 - $12,000). However, a chauffeur's compensation is not to be reduced by any amounts paid to the chauffeur for time spent "on-call," even though the chauffeur actually performs other services for the employer during such time. A determination that a chauffeur is performing substantial services for the employer other than as a chauffeur is based upon the facts and circumstances of each situation. An employee will be deemed to be performing substantial services for the employer other than as a chauffeur if a certain portion of each working day is regularly spent performing other services for the employer.

[13] "On-call time" means the total amount of time that the chauffeur is not engaged in the actual performance of driving services, but during which time the chauffeur is available to perform such services. With respect to a round-trip time spent by a chauffeur waiting for an employee to make a return trip is generally not treated as on-call time; rather such time is treated as part of the round-trip.

Example 2 (modeled after Treas. Reg. § 1.61-21(b)(5)(vii) Example 1). DoD makes available to employee A an automobile and a full-time chauffeur B (who performs no other services for A's employer) for an entire calendar year. Assume that the annual lease valuation rule is used and that the Annual Lease Value of the automobile is $ 9,250. Assume further that B's compensation for the year is $ 12,000 and that B is not furnished lodging. The maximum amount subject to inclusion in A's gross income for use of the automobile and chauffeur is therefore $21,250 ($ 9,250 + $ 12,000). If 70 percent of the miles placed on the automobile during the year are for A's employer's business, then $6,475 is excludable from A's gross income with respect to the automobile as a working condition fringe ($ 9,250 x .70). Thus, $2,775 is includible in A's gross income with respect to the automobile ($ 9,250 - $ 6,475). With respect to the chauffeur, if 20 percent of the chauffeur's time is spent actually driving A or being on-call to drive A for personal purposes; then $2,400 is includible in A's income (.20 x $12,000). Eighty percent of $12,000, or $9,600 is excluded from A's income as a working condition fringe benefit. Thus A’s gross income resulting from the taxable fringe benefit (i.e., vehicle and chauffer) is $5,175 ($2,775 + $2,400).

Appendix 1: Enclosure 2

Example A: Home-to-work 2015 Fringe Benefit Computation (Security).

Commuting Valuation Rule

Step 1: Determine number of one-way commutes in CY 2015
Step 2: Multiply $1.50 for each one-way commute

If 500 one-way commutes in CY 2015, **then** 500 X $1.50 = $750

Total taxable home-to-work benefit to be include as wages = $750

Example B: Home-to-work 2015 Fringe Benefit Computation (Security).

Cents-Per-Mile Valuation Rule (with fuel provided by the employer)

Step 1: Determine number of one-way commutes in CY 2015
Step 2: Determine the distance in miles of each one way commute
Step 3: Multiply 57.5 cents per mile.

If 500 one-way commutes at 4 miles each, then 500 x 4 = 2,000 miles total. 2,000 x $.575 = $1,150.

Total taxable home-to-work benefit to be include as wages = $1,150

Example C: Home-to-work 2015 Fringe Benefit Computation (non-security).

Automobile Lease Valuation (ALV) Rule

Step 1: Identify Fair Market Value (FMV) of Vehicle = $18,000
Step 2: Find ALV from Treas. Reg. 1.61-21(d)(2)(iii) = $5,100
Step 3: Determine total miles driven in 2015 = 10,000
Step 4: Allocate 2015 miles to business and home-to-work use.
Business = 9,000 (9,000/10,000=90% of ALV excluded)
Home-to-work = 1,000 (1,000/10,000=10% of ALV included)
Step 5: Taxable value of vehicle = 10% of ALV or $510
Step 6: Taxable value of fuel costs = 5.5 cents per mile (.055 x 1,000) = $55
Step 7: Taxable value of chauffeur = 10% of annual salary ($35,000) = $3,500

Total taxable home-to-work benefit to be included as wages = $4,065 ($510+$55+$3,500)

Appendix 2: Sample Log

2015	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Trips
JAN					2	4	2	2	2			2	2	2	2	2				2	2	6	2			2	2	2	2	2		44
FEB		2	2	2	2	2			2	2	2	2	2				2	2	2	6			2	2	2	4	2					44
MAR		2	2	2	4	2			2	2	6	6	2			2	2	2	2	2			2	2	2	2	2			2	2	54
APR	2	2	2			2	2	2	2	2			2	2	2	2	2			2	2	2	2	4			2	2	2	2		46
MAY	2			2	2	2	4	2			2	2	2	2	2			2	2	2	4	2				2	2	2	4			46
JUN	2	2	2	2	2			2	2	2	2	2			2	2	2	2	2			2	2	2	2	6			2	2		48
JUL	2	2	2			2	2	2	2	2			2	2	2	4	2			2	2	2	2	2			2	2	2	2	2	48
AUG			4	2	6	2	4										4	6	2	2	2			2	2	4	2	6			2	52
SEP	2	2	2	2				2	2	2	2			2	2	2	2	2			2	2	2	2	2			2	2	2		42
OCT	2	2			2	2	2	4	2				2	2	2	6			2	2	2	2	2			2	2	2	2	2		48
NOV		2	2	2	2	2			2	2	2	2	2			2	2	2	2	2			2	2	4					6		44
DEC	2	4	2	2			2	2	2	2	2			2	2	2	2	2			2	2	2								2	38
Total																																554

Appendix 3: Sample Certification Memo

XXXX-CG 15 November 2015

Memorandum FOR Defense Finance and Accounting Service, Special Assistance Section, VIP Teams, ATTN: Ms. Linda Russell, Indianapolis, IN 46249

SUBJECT: Transportation Between Domicile and Duty as a Taxable Fringe Benefit

1. Per Volume 7A, Chapter 44, of the DoD Financial Management Regulation and 26 CFR § 1.61-21, the Department of Defense is required to establish a value for Government furnished home-to-work transportation for certain officials and to provide that information to those officials for use in preparing their annual income tax returns.

2. I, XXXX (SSN: XXX-XX-XXXX), was provided such transportation in tax year 2015. Based on an applicable valuation method provided by the Executive Director of the Armed Forces Tax Council, the taxable benefit to me in 2015 was $XXX.XX. Please include this amount as taxable income on my IRS Form W-2 for 2015.

Enclosure	XXXX
Domicile-to-Duty Calculation	XXX, USA
	Commanding

Appendix 4: Sample Legal Review

XXXX-JA

20 November 2015

Memorandum FOR Commanding General, XXXX

SUBJECT: Legal Review of Transportation Between Domicile and Duty as a Taxable Fringe Benefit

1. I have personally reviewed XXXX's submission for the value of his home-to-work transportation. The enclosure details the number of trips provided to XXXX. Further, XXXX meets the criteria for the applicable valuation method. Using the provided (commuting, cents-per-mile, automobile lease, or general) valuation method, the sum of $XXX should be construed as taxable income.

2. If you have any questions regarding the information contained in the documents, please feel free to contact me at XXXXX.mil, DSN XXX, or commercial XXX.

XXXXX
XXX, JA
Staff Judge Advocate