



A CERTIFIED PUBLIC ACCOUNTING FIRM
2395 SOUTH HURON PARKWAY, SUITE 100
ANN ARBOR, MI 48104-5170

November 06, 2009

**2009 Year-End Information Requested
to Comply with Personal Use of Company Vehicles**

Dear Client:

For all employees, owners, shareholders, officers, or partners using a vehicle belonging to a business for personal reasons, a non-cash auto fringe benefit needs to be calculated and included in their respective W-2 earnings or guaranteed payments. Reporting taxable auto fringe benefits as "cash" wages allows the appropriate withholding taxes to be deducted from the respective person's paycheck and the correct guaranteed payments to be reported to partners. If these amounts are processed without such wages, you may be required to pay the person's portion of Social Security and Medicare taxes.

Both employees and owners are required to keep a written log of all business mileage driven on company-owned or -leased vehicles throughout the year. This log is an IRS requirement for any vehicle for which business expenses are claimed. This information is also used to perform the annual year-end auto fringe calculations. Attached to this letter is the appropriate form for reporting this mileage to us. Please note that we do not need copies of your logs; we need only the total mileage by category as indicated on the form. To simplify auto fringe reporting requirements and facilitate a more timely preparation of your calculations, persons using company vehicles need only to report mileage from **November 1, 2008 through October 31, 2009.**

Based on IRS guidelines, the information that you submit will be used to calculate the increase in each employees/owner's W-2 earnings or guaranteed payments for their personal use of the employer-owned or -leased automobiles.

If our office processes your payroll, please provide this information to us no later than December 7, 2009. If it is provided after this date, an additional charge may apply if a separate payroll processing is required. If another company processes your payroll, please contact your representative directly to verify that company's filing deadlines.

As of the date of this letter, the IRS has not posted the new mileage reimbursement rates for 2010. As soon as the rates become available, we will post the new rates on our website. We recommend checking the following websites periodically for the new rates: www.pkkcpa.com or www.irs.gov. However, below we have listed the 2009 standard mileage rates for the deductible costs of automobile use:

- ❑ 55 cents per mile for business use of an automobile (down from the 2008 rate of 58 cents per business mile)
- ❑ 14 cents per mile for automobile use in providing services to a charitable organization (unchanged from 2007)
- ❑ 24 cents per mile for automobile use for medical or moving purposes

Please note that prior to January 1, 1999; the mileage allowance method was NOT permitted if the vehicle was a leased vehicle. It was required that actual costs of maintaining the vehicle were kept and reimbursement (or deduction on your personal tax return) would be determined as a percentage of business miles to total miles. Be advised there are strict rules pertaining to switching from one method of reimbursement to another; please contact our office if this applies to you and we will be happy to discuss your alternatives.

Taxpayers who use no more than four vehicles at the same time for business purposes may use the standard mileage rate. Prior law forced taxpayers using more than one vehicle at a time to track actual expenses for each vehicle; they were not entitled to use the standard mileage rate. This was changed in 2004.

Please note, however, that a taxpayer may not use the standard mileage rate for a vehicle after using any depreciation method under the modified accelerated cost recovery system after claiming a Code Section 179 deduction for that vehicle or for any vehicle used for hire.

Our intent for this letter is not only to prepare you for your company's 2007 year-end filing requirements but also to provide you with an informational resource for the new year. We encourage you to store this letter in a safe place for future reference. Please do not hesitate to call our office at (734) 971-8500 if you have any questions on the information contained herein or require assistance in preparing the enclosed form.

Sincerely,

Pietrasiuk, Kelley & Kelley, P.C.

Enclosure

Company Name: _____

Employee Name: _____

**Employee Representation Regarding
Use of Company Vehicle**

Tax Year Ended: _____

The IRS requires employers to provide certain information on their tax return with respect to the vehicles provided to employees. This information is also used to calculate the amount of the fringe benefit to be included in the employee's W-2 income. (The reporting period for tax year 2009 is stated below.)

The IRS generally requires that written records be maintained to document the business use of vehicles. Since the company policy requires employees to maintain the detailed records, please provide answers to the following questions. If you were provided more than one vehicle that was used during the year, please prepare a separate statement for each vehicle.

Unless this form is completed and returned to Pietrasiuk, Kelley & Kelley on or before **December 7, 2009**, 100% of the value of the use of the vehicle will be included in your W-2 income. You may fax this form to our office at (734) 971-8009.

Vehicle description: _____

Reporting period: November 1, 2008 to October 31, 2009

Miles Driven: Beginning Odometer _____ Ending Odometer _____

or

Total miles driven _____

Date placed in service: _____

Actual purchase price: _____
(or fair market value on date of lease signing)

Number of months used by employee (if less than 12 months): _____

Employee Representation

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Was the vehicle available for your personal use during off-duty hours? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Did you have another vehicle available for personal use (including a car that you own personally)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are you an officer or 5% owner of the business? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. For the entire reporting period specified previously, please provide the total number of miles for each of the following categories: | | |
| A. Commuting (to and from work) | | _____ |
| B. Other personal (non-commuting) | | _____ |
| C. Total personal (A + B) | | _____ |
| D. Total business | | _____ |
| TOTAL MILES (C + D) | | _____ |
| | Yes | No |
| 5. Did the employer pay for fuel consumed by the vehicle? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Do you have evidence to support this business-use claim? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is this evidence in writing? | <input type="checkbox"/> | <input type="checkbox"/> |

The above information is a true and complete statement of the business use of the vehicle listed above. The information was taken from records I maintained for the business use of this vehicle and is being provided to you for incorporation into the 2009 tax return.

Employee Signature

Date