



May 01, 2025

---

# Fringe Benefits

---

Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

The University of Tennessee  
County Technical Assistance Service  
226 Anne Dallas Dudley Boulevard, Suite 400  
Nashville, Tennessee 37219  
615.532.3555 phone  
615.532.3699 fax  
[www.ctas.tennessee.edu](http://www.ctas.tennessee.edu)

<b>Fringe Benefits .....</b>	<b>3</b>
------------------------------	----------

# Fringe Benefits

Reference Number: CTAS-1089

Fringe benefits are taxable for purposes of federal income tax and FICA tax. The most common form of fringe benefit provided by counties is the automobile. The amount of the taxable fringe benefit is the value of the amount of personal use of the automobile (as opposed to use for county purposes). There are four methods of calculating the value of the personal use of the vehicle:

1. fair market value method,
2. table value method,
3. cents-per-mile method, and
4. commuting value method.

The first two methods are based on the value of the automobile and the actual amount of personal use. The cents-per-mile method is the number of personal miles driven by the employee multiplied by the standard mileage rate, which is the same as the rate taxpayers use to deduct the business use of a personally owned car. If the employee pays for the gas, the rate is reduced. The commuting value method can be used only when the employer has a written policy that restricts the employee's personal use of the car to commuting to and from work. Under the commuting value method the use is valued at \$1.50 per one-way commute, or \$3.00 per round trip. The commuting value method can be used only for ordinary employees. It cannot be used for elected officials or certain other highly compensated employees. The rules governing taxation of fringe benefits are complex and must be carefully reviewed. These regulations can be found at 26 C.F.R. § 1.61-21.

---

**Source URL:** <https://www.ctas.tennessee.edu/eli/fringe-benefits>