



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

PAYROLL MEMORANDUM 2017.29

Changing Lives, Creating Futures

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TO: All Human Resources and Accounts Payable departments of Community and Technical Colleges, including Baton Rouge Community College, Bossier Parish Community College, Central Louisiana Technical Community College, Delgado Community College, L. E. Fletcher Technical Community College, Louisiana Delta Community College, Northshore Technical Community College, Northwest Louisiana Technical College, Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, SOWELA Technical Community College and the LCTCS Office

FROM: Sharon Dunham
LCTCS Payroll, Senior Payroll Manager

DATE: November 30, 2017

RE: Personal Use of Company Car

If an employee uses the employer's vehicle for personal purposes, the value of that use must be determined by the employer and included in the employee's wages as a taxable fringe benefit. There are three types of valuation rules that may be applied, your finance area will determine the valuation method and instruct you should you need to apply this value to an employee's wages. Questions on valuation rules and calculation of value should be directed to your College's Finance Office. There are currently two codes established in Banner for this purpose. The employer makes the determination as to which method will be used.

JCT- Company Vehicle Use Full Tax is a code to be utilized when the wages coded will have income tax withheld as well as Medicare tax. Note: You will work with finance to obtain the calculated dollar amount to be coded to JCT. This dollar amount will not be added to gross pay, however, full taxes will be applied to this dollar amount and therefore the taxes will increase for this employee.

JCM – Company Vehicle Use Medicare Only is the code to be utilized when the wages coded will have Medicare tax only withheld. Note: You will work with finance to obtain the calculated dollar amount to be coded to JCM. This dollar amount will not be added to gross pay, however, Medicare tax will be applied to this dollar amount and therefore the Medicare tax will increase for this employee.

The institution determines the valuation method and is responsible for assuring compliance as outlined in IRS Publication 15-B. This will require human resources and financial areas to work together. Please assure that you check with your finance area to determine if you should expect information for them to code for any employees in your institution. All coding for 2017 should be completed by the pay period ending December 17, 2017.