

State of Alabama



Department of Finance
Office of the Comptroller
Montgomery, Alabama 36130-2602

TO: All Payroll and Personnel Officers

DATE: November 27, 2017

SUBJECT: Taxation of Group Term Life Insurance and Personal Use of State Owned/Leased Vehicles

In accordance with IRS regulations, the total value of the personal use of state owned/leased vehicles is taxable to the employee and must be reported for W-2 purposes. The value of premiums on the cost of Group Term Life Insurance provided by Retirement Systems of Alabama(RSA) to the extent it exceeds \$50,000 coverage is also taxable to the employee. The amounts provided for these benefits will be processed on the December 1st payday. As a result, the employee's share of FICA/Medicare taxes on the insurance premiums and commuting use will be charged on the employee's December 1st paycheck. The employer's matching share of FICA/Medicare taxes will also be charged on the same payroll.

The additional wages and payroll taxes will be reflected on the employee's Form W-2.

A report listing the affected employees and the amount reported is available on the Comptroller's website to agency authorized users only. It is titled "[EMPLOYEES WITH COMUT & GTL ADJUSTMENTS](#)". Please make affected employees aware of this charge. If you have any questions regarding this change, please call the GHRs hotline at 334-242-2188.