

Demo Deduction/Taxable Fringe Benefit Agreement

Date: _____

Employee Name: _____

Sk# _____

Vin# _____

Book Value \$_____

Annual Lease Table Value \$_____

Annual Demo Deduction \$2,600.00 Bi-weekly \$100.00

Annual Taxable Fringe Benefit \$_____

Bi-weekly Taxable Fringe Benefit \$_____

Employee Signature: _____ **Date:** _____

Form Processing:

1. Accounting receives an email from designated manager when employee is given a new demo.
2. Office Manager will process this form and send the completed form to Payroll
3. Payroll will use input price in Reynolds to calculate tax benefit for employee

MileOne Automotive
Company Vehicle Policy

The Company Vehicle Policy will be applicable to Atlantic Automotive Corp.; Hall Automotive, LLC; Russel Automotive, Inc. and their respective subsidiaries and affiliates (collectively “the Company”).

Effective Date: January 1, 2009 - Updated as of February 10, 2014

The Company, in its sole and absolute discretion, may provide company owned vehicles (“Demo”) to selected individuals for their business and personal use under the following terms and conditions.

Eligible Individuals: A Demo may be provided to the Shareholders, Members, Directors, Officers and Division Presidents. General Managers and Department Managers of the subsidiaries and affiliates may also be provided a Demo as deemed necessary by the Division Presidents to recruit and retain quality management employees. In addition, a Demo may be provided to any employee of the Company whose job responsibilities may frequently require the use of a vehicle (“Other Employees”) with approval of an Officer or Division President.

Any individual to be assigned a Demo must meet the driving record criteria as periodically established by the Company’s insurance carriers. The current driving record criteria are reflected on Exhibit A.

All individuals to be assigned a Demo must agree to and sign the Company Vehicle Policy Acknowledgement Form as shown on Exhibit B.

Demos are not to be provided to any non-employees; other than the Company Shareholders, Members and Directors unless approved by the Chief Executive Officer.

Eligible Vehicles: The Company will determine which company owned vehicles will be used as Demos.

Use of the Vehicles: The Demo may only be driven by the Eligible Individual to which it is assigned. The Demo is to be used in a safe and conscientious manner, is to be kept clean, free of damage and in a saleable condition at all times. Demos may only be loaned to customers with prior approval by the General Manager.

Smoking in any Demo is strictly prohibited.

Cost & Fees: The cost of insurance and vehicle maintenance will be paid by the Company. The Eligible Individual assigned a Demo will be responsible for the following:

All Fuel (*employees may receive reimbursement from the Company for fuel purchased for approved business reasons*)

All fines, tickets, impounding fees and similar charges

Repairs to all damage to the vehicle not typically covered by insurance (*i.e. excess wear & tear*)

The first \$1,000 of repair cost for any comprehensive or collision damage to the vehicle (*this payment will be waived only in the case of full payment of the repair cost by a third party*)

\$100 bi-weekly Demo Fee, which will be collected by the Company via payroll deduction

Taxes: As required by the IRS, individuals assigned a demo are to be taxed as a fringe benefit on the fair market value of the vehicle. The amounts to be taxed are reflected on the Annual Lease Value Table shown as Exhibit C. The imputed value of the vehicle (*less any Demo Fees paid by the employee*) is to be added to the individual’s taxable gross income on the annual W-2 Statement and will be subject to income tax and FICA tax withholding during the year.

Exhibit A

MileOne Automotive
Zurich Insurance Company - Motor Vehicle Driving Record Criteria
(for employees operating company owned and/or customer vehicles)

<u>Age of Employee</u>	<u>Criteria</u>
Younger than 21	2 or more moving violations, in the last 3 years – Excluded from policy
21 to Under 70	3 or more moving violations, in the last 3 years – Excluded from policy
70 and Over	2 or more moving violations, in the last 3 years – Excluded from policy
Any Age	Any of these violations in the last 3 years – Excluded from policy <ul style="list-style-type: none">• Driving while intoxicated or under the influence of alcohol• Driving under the influence of drugs• Negligent homicide from the use of a Motor Vehicle• Using a Motor Vehicle in the commission of a felony <i>(or attempted commission of a felony)</i>• Assault (or attempted assault) with a Motor Vehicle• Operating a Motor Vehicle without the owners authority <i>(Auto Theft)</i>• Racing or speeding contest• Reckless driving• Careless driving• Hit and Run <i>(bodily injury or property damage)</i>• Permitting an unlicensed person to drive
Any Age	Invalid or Suspended Drivers License – Excluded from policy

NOTE: An “at fault” collision is considered a moving violation.

Exhibit B

**MileOne Automotive
Company Vehicle Policy Acknowledgement**

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Smoking in any Demo is strictly prohibited.

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All Fuel (*employees may receive reimbursement from the Company for fuel purchased for approved business reasons*)

All fines, tickets, impounding fees and similar charges

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\$100 bi-weekly Demo Fee, which will be collected by the Company via payroll deduction

Taxes: As required by the IRS, individuals assigned a demo are to be taxed as a fringe benefit on the fair market value of the vehicle. The amounts to be taxed are reflected on the attached Annual Lease Value Table. The imputed value of the vehicle (*less any Demo Fees paid by the employee*) is to be added to the individual’s taxable gross income on the annual W-2 Statement and will be subject to income tax and FICA tax withholding during the year.

I acknowledge that I have read, understanding and agree to all the terms and conditions of the MileOne Automotive Company Vehicle Policy. I further agree to and authorize the Company to payroll deduct the \$100 from me on a bi-weekly basis.

Signature

Date

Name (*Print*)

Work Location

Exhibit C

Table 3-1. Annual Lease Value Table

(1) Automobile FMV	(2) Annual Lease
\$0 to 999	\$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For automobiles with a FMV of more than \$59,999, the annual lease value equals $(.25 \times \text{the FMV of the automobile}) + \500 .