

Full Inclusion Method for employees who are not full time salespeople:

Full value of demo is included in employees' wages:

Taxable value of demo is a daily amount based on the average sales price of the dealer's new vehicles or used vehicles if applicable, from the prior year.

Example:

Average selling price of a new Vehicle \$32,495ⁱ

Daily inclusion amount for taxable value of demo = \$24

Yearly inclusion amount = \$8760 (\$24x365)

Tax Bracket (Married)	Marginal Tax Rate	Vermont Income Taxes @ Marginal Rate	5 Year VT State Income Tax collections
\$0+	3.55%	\$ 310.98	\$1,554.90
\$73,800+	6.80%	\$ 595.68	\$2,978.40
\$148,850+	7.80%	\$ 683.28	\$3,416.40
\$226,850+	8.80%	\$ 770.88	\$3,854.40
\$405,100+	8.95%	\$ 784.02	\$3,920.10

Annual Lease Value Method

Taxable value of demo is fully or partially included in the employee's taxable wages, based on the IRS annual lease value table.

Adjustments can be made as follows:

- Reduction for business use allowed, detailed mileage records required

If the dealer was to drive a vehicle similar to the average selling price of his new vehicles, the imputed income would be \$8,750. Assuming that the demonstrator is a higher model line than the average vehicle sold, the imputed value would increase. As an example, a dealer driving a vehicle with a fair market value of \$42,500 would have \$11,250 in income that would imputed.

ⁱ Kelly Blue Book report the estimated average transaction price (ATP) for light vehicles in the United States was \$32,495 in August 2014.