

Frequently Asked Questions – 4

2009 UAW-GM Special Attrition Program

Vehicle Voucher

The following questions and answers reflect modifications to payroll tax questions associated with vehicle vouchers granted under the 2009 UAW-GM Special Attrition Program. These changes are a result of tax law requirements. Employees had been informed that they would receive a \$25,000 voucher with no taxes withheld and the taxes would be paid by the employee when he/she files their tax return in the following year. That is not permissible by the IRS. Therefore, the employee will have taxes taken out of the \$25,000 voucher (tax withholding), the remainder (\$15,500) will be available to the employee to purchase a new vehicle and the withholding taxes will have been paid. The answers previously provided in the Frequently Asked Questions for the 2009 UAW-GM Special Attrition Program that relate to tax withholding and reporting are superseded by the Q & A's noted below.

- Q1: What impact will tax withholding have on the value of the voucher?
A1: The tax withholding will be subtracted from the value of the voucher. For example, the \$25,000 voucher will be reduced to satisfy the tax withholding obligations (Federal, FICA, state and local) which we estimate to be \$9,500, resulting in a net value of \$15,500 that may be applied to the purchase of a new vehicle. These amounts will be reported on your Form W-2.
- Q2: What is the approximate impact to the value of the vehicle voucher when taxed?
A2: As mentioned above, the tax impact for an employee using the entire \$25,000 is \$9,500 (Federal, FICA, state and local) resulting in a vehicle voucher with a net value of \$15,500.
- Q3: Can more than one vehicle be purchased using the vehicle voucher?
A3: Yes. You may purchase up to 5 vehicles using the voucher in \$3,100 increments. We have determined that the net value of the vouchers, after required tax withholdings, will be \$15,500.
- Q4: How are the tax implications different than what has been previously communicated?
A4: Our prior communication indicated that the vehicle voucher would have been taxed at the end of the year in which the voucher was redeemed. This approach would have resulted in a tax bill to each employee of approximately \$9,500 with no taxes withheld. The employee would have been responsible for the tax payments (and possible tax penalties) when filing their tax returns for the year. Under the new process, there will be no large tax bills to be paid because taxes will be withheld.
- Q5: Might I still owe some taxes when I file my tax returns for the year?
A5: Based on your individual tax situation, you may receive a refund or owe additional taxes when you file your tax returns for the year.