

## Commuter Tax Benefits

The IRS Qualified Transportation Fringe Benefits law includes a Commuter Choice provision, designed to encourage employers to offer transportation benefits in exchange for tax savings. This program works well with transit system discounts or a vanpool program such as those available to commuters throughout Southwest Florida. Your Commuter Services outreach coordinator can help determine what will work best for you.

## Transit & Vanpool Benefits

Employers may give employees up to \$255 per month to commute by transit or eligible vanpools.

There are several ways to use it:

- **Employee Pays:** Under the federal Commuter Choice program, the employer may cover up to the full cost of the tax-free benefit - up to \$255 per month for transit and vanpool expenses and up to \$260 per month for qualified parking. Bicycle commuters can be reimbursed to \$20 per month. The benefit is offered tax-free to employees and does not require payroll taxes for the employer or employee.
- **Company Pays:** The company allows the employee a "pre-tax" benefit in which employees may have up to \$255 per month taken out of their current monthly pay toward the cost of commuting on transit or in vanpools and up to \$255 per month for parking. Employees save federal income and payroll taxes. Many employers prefer this option because the employee pays the cost and the employer saves money because payroll taxes do not apply.
- **Employee & Employer Share the Cost:** The employer, for example, might offer \$55 per month in transit/vanpool benefits and allow the employee to reserve up to \$200 per month as a pre-tax benefit. The total tax-free benefit remains \$255 per month for transit and vanpool.

Commuter Choice benefits are easy to administer, as there are no "plan" requirements and no IRS approval required. In addition, there are no "use it or lose it" rules, and an employer can start a pre-tax program and enroll employees at any time of the year.

### FOR MORE INFORMATION

Call Commuter Services today to get started! 1.866.585.RIDE