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# **PRE-TAX COMMUTER BENEFIT PLANS**

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# PRE-TAX COMMUTER BENEFIT PLANS

- Plans allow for employees to receive pre tax benefits for commuting expenses.
- Maximum of:
  - \$280 per month for combined commuter highway vehicle transportation and transit passes.
  - \$280 per month for qualified parking.

# IN USE

- Typically facilitated by payroll or employee benefit companies.

## **Qualified Transportation Benefits:**

- A ride in a commuter highway vehicle between the employee's home and work place.
- A transit pass.
- Qualified parking.
- You may provide an employee with any one or more of these benefits at the same time.

# PLAN TYPES

## **Compensation reduction agreements**

- Pre-tax basis by offering your employees a choice between cash compensation and any qualified transportation benefit.
- Subject to the monthly limits

## **Bona fide reimbursement arrangement**

- Requires that the employee incur and substantiate expenses for qualified transportation benefits before reimbursement. However, cash reimbursements for transit passes qualify only if a voucher or a similar item that the employee can exchange only for a transit pass isn't readily available for direct distribution by you to your employee.

# EMPLOYER BENEFITS

- Employers are able to save on payroll taxes along with employees (FICA).
- Every allowable \$1,000 spend thru compensation reduction agreements will save the employer \$76.50 in payroll taxes.

# EMPLOYER BENEFITS (CONTINUED)

- Employers are able to save on payroll taxes along with employees (FICA).
- Every allowable \$1,000 spend thru compensation reduction agreements will save the employer \$76.50 in payroll taxes.

# QUESTIONS?



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