



[Register/Sign In](#) | 
 [Commuter Services](#) | 
 [Commuter Tools](#) | 
 [Employer Services](#) | 
 [About RideSmart](#)

Overview

+ Tax Breaks

ESO Login






## Tax Breaks

Federal transportation legislation provides employers with the flexibility to offer commute benefits to employees. Changes to IRS regulations provide federal tax advantages for employers and their employees who choose to commute to work via transit, vanpool or use qualified parking.

Employers are able to offer a monthly tax-free benefit of up to \$230 (effective until January 2011, visit [American Recovery and Reinvestment Act of 2009](#)) to be offered to each employee who uses transit or participates in a vanpool. Employers can also offer employees who use qualified parking a monthly benefit of up to \$230. This amount is a tax-deductible expense for the employer, as well as a benefit that can be offered to employees on a pre-tax basis. Please visit the [IRS Code 132\(f\) - the Taxable Fringe Benefits Guide](#) for more information to qualify for these benefits.

The table below is an illustration of how commuter tax benefits can help both employers and employees save money.

Alternative Mode of Transportation	 Transit	 Vanpool	 Qualified Parking
Incentive	Up to \$230/month, \$2,760/year for transit expenses	Up to \$230/month, \$2,760/year for vanpool expenses	Up to \$230/month, \$2,760/year, for parking at or near an employer's worksite, or at a facility from which employee commutes via transit, vanpool, or carpool*
Employer Tax Benefit	Employers give their employees up to \$230/month to commute via transit; gets a tax deduction and saves over providing same value in gross income or Employers allow employees to use pre-tax income to pay for transit and employers save on payroll tax (at least 7.65% savings) or A combination of both up to statutory limits	Employers give their employees up to \$230/month to commute via vanpool; gets a tax deduction and saves over providing same value in gross income or Employers allow employees to use pre-tax income to pay for vanpooling and employers save on payroll tax (at least 7.65% savings) or A combination of both up to statutory limits	Employers give their employees up to \$230/month for qualified parking; gets a tax deduction and saves over providing same value in gross income or Employers allow employees to use pre-tax income to pay for qualified parking and employers save on payroll tax (at least 7.65% savings) or A combination of both up to statutory limits
Employee Tax Benefit	Employee receives up to \$230/month tax free (not on their W-2 form) or Employee pays for commute benefit with the pre-tax income and saves on income tax or A combination of both	Employee receives up to \$230/month tax free (not on their W-2 form) or Employee pays for commute benefit with the pre-tax income and saves on income tax or A combination of both	Employee receives up to \$230/month tax free (not on their W-2 form) for qualified parking or Employee pays for commute benefit with the pre-tax income and saves on income tax or A combination of both
*Vanpool or Transit Pass can be provided in addition to Qualified Parking for a total benefit of up to \$460/month or \$5,520/year. Please visit the <a href="#">IRS Code 132(f) - Taxable Fringe Benefits Guide</a> for more information.			

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