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## Transit Tax Parity Act of 2015

On Dec. 17th 2015, The U.S. House of Representatives passed the "Protecting Americans from Tax Hikes" (PATH) Act. The Senate approved the measure on Dec. 18th, folding it into the Consolidated Appropriations Act, and President Barack Obama signed the omnibus bill into law that same day.

As of Friday, December 18th, a law restoring parity to pre-tax parking and transit deductions for commuter plan members has been signed by the President. This is retro-effective to January 1, 2015, and the legislation has made this parity permanent moving forward.

- For 2015, the monthly transit pre-tax contribution limit has now been set to \$250. This is the same as the monthly parking limit for 2015.
- In 2016, the new monthly pre-tax contribution limit will be \$255 per month for both parking and transit.

Employers can elect to update their plans accordingly to meet these limits. Reclassification of 2015 funds has not been mandated by the IRS at this time.

### Maximum Monthly Tax Exclusions

	2016	2015
<b>Transit</b>	\$255/month	\$130/month (retroactively raised to \$250)
<b>Parking</b>	\$255/month	\$250/month

### Advantage of Pre-Tax Commuting and Parking Expenses

Organizations can subsidize their employees' commuting or parking costs with pretax dollars up to the allowable monthly limit, which results in lower payroll taxes than if they paid the money in wages. Alternatively, employees can pay for commuting or parking by having pretax dollars deducted from their paychecks through an employer benefit program, up to the allowable monthly limit.

## Required Action:

If you would like to take advantage of the increased transit maximum or if you have any questions, please contact your dedicated account manager with Benefit Strategies. To implement this change, your account manager will need to know the date you would like to have this change be effective.

- **IMPORTANT FOR CLIENTS OFFERING PRE and POST TAX TRANSIT ACCOUNTS IN 2015:** Reclassification of 2015 funds has not been mandated by the IRS at this time. Employers electing to reclassify 2015 contributions will need to review their payrolls for each month in 2015, and update any W2s already sent to their participating employees. The reclassifications need to be done for each month that the employee contributed between \$130.01 to \$250.00. This reclassification needs to be done for each month, and not a total aggregate of the year.

Thanks,  
Benefit Strategies, LLC

***Please Note:** The above information is Benefit Strategies' translation of the IRS regulations. You may also want to consult your tax professional to discuss which method is best for your organization.*

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