

Beinecke in Employee Benefit Adviser on Transit Tax-Deduction Changes

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PRACTICES Employee Benefits and Executive Compensation

Employee Benefit Adviser [quoted](#) Haynes Boone Counsel Chris Beinecke on the changes the new tax law makes on employee transportation benefits.

Employee Benefit Adviser [reported that](#) under the Tax Cuts and Jobs Act, employers may continue to provide transportation plans that enable employees to pay for certain benefits on a pre-tax basis — up to \$260 per month for parking, transit or vanpooling — but employers will no longer be able to deduct the expense of any subsidy for these fringe benefits unless the expense is necessary for employee safety.

Previously, employers were encouraged to subsidize their employees' commuting expenses — or at least facilitate their employees' payment of those expenses on a pre-tax basis — through a salary-reduction arrangement, the report said. Employees could exclude qualified transportation expenses from their taxable income — up to \$255 per month for either bus passes or parking subsidies — while still allowing employers to deduct the expenses from their taxable income.

Chris Beinecke, employee benefits attorney, says there are a number of vendors in the benefits space that could provide employers with guidance on this new regulation. "They have the ability to assist clients in setting tax-free money aside to be reimbursed for other expenses," he says. ...

Employee Benefit Adviser also reported that Beinecke says he does not expect the IRS to offer any guidance on this new tax regulation because the statute states transportation benefits are no longer tax deductible and any IRS guidance or technical corrections would potentially undermine the law.

"The law says, 'no employer deduction,' and that is hardwired into the Act," Beinecke says. "The IRS and technical guidance cannot fix that."

Excerpted from *Employee Benefit Adviser*. To read the full article, click [here](#).