IRS Issues Guidance Regarding Retroactive Increase in Excludible Transit Benefits

January 22, 2016

The recently enacted Consolidated Appropriations Act, 2016 retroactively increased the 2015 limit on the monthly exclusion from income for employer-provided transit and vanpooling benefits under Section 132(f)(2)(A) of the Internal Revenue Code from $130 to $250. The IRS published Notice 2016-6 on January 11, 2016, to (1) clarify how the retroactive increase applies for 2015 and (2) provide a special administrative procedure for employers who over-withheld income taxes and FICA taxes on transit benefits provided during any quarter of 2015 and who want to make corrections on the fourth-quarter 2015 Form 941 (Employer?ÃÃs Quarterly Federal Tax Return) (which is due February 1, 2016). Notice 2016-6 is available?Ã¡**here**.