

IRS Proposed Regulations Address the Elimination of the Deduction for Certain Qualified Transportation Fringe Expenses

July 2, 2020

On June 23, 2020, the IRS released proposed regulations regarding the deduction of certain employer-provided transportation and commuting benefits to reflect changes made to Section 274 of the Internal Revenue Code by the Tax Cuts and Jobs Act (the "TCJA"). The TCJA eliminated deductions by employers for qualified transportation fringe ("QTF") expenses for amounts paid or incurred in the taxable years beginning after December 31, 2017. Key issues addressed in the proposed regulations include: (i) the amount of parking expenses that is not deductible when an employer owns or leases the parking facility; (ii) the amount of QTF expenses that is not deductible when an employer pays a third party to provide QTF benefits; (iii) the amount of certain expenses or reimbursements relating to transportation between an employee's residence and place of employment that is not deductible; and (iv) the application of exceptions that may allow certain QTF expenses to be deductible. The proposed regulations also provide simplified calculations to determine the amount of such nondeductible QTF expenses. The proposed regulations are available [here](#).