New Jersey Employers with Twenty or More Employees Must Offer a Pre-Tax Transportation Fringe Benefit

February 27, 2020

New Jersey enacted Senate Bill No. 1567 (the ?ÃÂ£***Senate Bill***?ÃÂ¥), which requires every employer in New Jersey that employs at least 20 persons, excluding employees covered by a collective bargaining agreement, to offer a pre-tax transportation fringe benefit to all of its employees in New Jersey, effective as of March 1, 2020. A pre-tax transportation fringe benefit allows an employee to set aside wages on a pre-tax basis to purchase eligible transportation services, such as transit passes and commuter highway vehicle travel, as consistent with Section 132(f)(1) of the Internal Revenue Code. An employer that is found to be in violation of this requirement is liable for a civil penalty ranging from $100 to $250 for the first violation. An employer has 90 days to correct the violation before such penalty is imposed. After 90 days, a $250 penalty will be imposed for each additional 30-day period during which an employer fails to offer this fringe benefit.

Employers with 20 or more employees in New Jersey should offer this pre-tax transportation fringe benefit by March 1, 2020.

The New Jersey Senate Bill is available **here**.

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