

Commuter Choice Tax Benefits

Many employers are seeing the benefits of assisting their employees with their daily commutes. It's good for employees, it's good for employers and it's good for the air we breathe in Georgia. And, offering many of these benefits can be tax-free.

What is Commuter Choice?

The Commuter Choice program, based on Section 132(f) of the federal tax code, allows employers to offer employees a variety of financial incentives for using alternative commute modes, including:

- Transit - up to \$230 a month per employee
- Vanpool - up to \$230 a month per employee
- Bicycling - up to \$20 per qualified bicycle commuting month
- Qualified parking - up to \$230 a month per employee

Commuters can receive both the transit/vanpool and parking benefits (i.e., up to \$460 per month)

Why Implement a Commuter Choice Tax Benefits Program?

- Cost savings for employees and employers
- Improved recruitment and retention
- Less stressed employees
- Less congestion
- Improved air quality
- Parking savings for employer and employee

What are the Options?

Employers choose one of the following three ways to offer the tax benefits:

1. Employer subsidy
2. Employee sets aside a monthly amount on a pre-tax basis
3. As a combination of these two methods -- employer and employee pay

What are the Savings for the Employers?

- Save on payroll related taxes such as FICA and FUTA
- When employers contribute to employee commuting costs, it is the equivalent of offering a low-cost wage pay raise.

What are the Savings for Employees?

- Save on federal and state income taxes
- Save on payroll related taxes such FICA and FUTA
- Pay pre-tax for qualifying transportation expenses, such as transit passes, vanpool fares and parking fees. For bicycle commuting, qualifying expenses include the purchase of a bicycle and bicycle improvements, repair and storage. Depending on the employee's income tax bracket, the savings can add up to hundreds of dollars annually.

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