

## Fiscal Cliff Bill Includes Commuter Tax Benefits

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The American Taxpayer Relief Act of 2012 (the “[Act](#)”), signed on January 3, increases the pre-tax contribution that commuters may make towards van pools as well as transit passes.

The IRS allows employees to pay for parking, transit pass (e.g. for subway, bus or ferry), and commuter highway vehicle (generally, vanpool) expenses on a pre-tax basis, up to a monthly limit. That monthly limit in 2012 was \$240 for parking expenses, but only \$125 for vanpool or transit passes. The Act increases the monthly limits for vanpool and transit passes, effective January 1, 2012, to the same limits that apply to parking.

While this provision provides welcome relief for commuters, many employers are left wondering just how to implement this new provision. First of all, the IRS has not yet announced the 2013 monthly limits for commuter expenses. Given that the IRS typically makes modest cost of living adjustments each year, **the 2013 limit is likely to be greater than \$240**. But how much greater? Further, employers are confused about how to apply the change retroactive to January 1, 2012, given that the 2012 tax year has come to a close. Since commuting employees are anxious to take advantage of these increases, some guidance

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