

## New Tax Law Eliminates Employer Tax Break for Several Fringe Benefits

President Trump has signed into law the Tax Cuts and Jobs Act, which, among other things, eliminates tax breaks for several **fringe benefits**.

### Tax Breaks for Several Fringe Benefits Eliminated

Effective in 2018, the tax treatment of several fringe benefits will be impacted as follows:

- Employer contributions to an employee's **qualified transportation fringe benefits** (including those for employees' transit passes and parking) will **no longer be deductible** from the employer's gross income.
- **Qualified moving expense reimbursements** made by an employer will generally no longer be excludable from an **employer's gross income**.
- **Qualified bicycle commuting reimbursements** made by an employer will no longer be excludable from an **employer's gross income**.

The tax bill eliminates the business deduction for qualified mass transit and parking benefits, except as necessary for ensuring the safety of an employee, beginning in 2018. Mass-transit and parking benefits, however, will continue to be tax exempt to employees who can pay their own mass transit or workplace parking costs using pretax income, through an employer-sponsored salary-deduction program.

For 2018, the tax-excludable limit for both transportation and parking expenses will be \$260 per month, while the exclusion for biking expenses would stay at \$20, the [IRS announced](#) in October 2017.

Eliminating the tax deduction for employers may seem like a disadvantage to offering these benefits. Some businesses are likely to stop subsidizing their employees' mass transit and parking costs while allowing employees to contribute their own dollars through pretax payroll programs. Still, other employers will continue to contribute to their workers' transit costs even without the business deduction.

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