

Mass Transit Maximum Limits Increased Retroactively for 2014

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At the beginning of 2014, the pre-tax mass transit benefit was cut from \$245 per month to \$130 per month, while the pre-tax parking benefit was increased from \$245 per month to \$250 per month. However, on December 19, President Obama signed into law the Tax Increase Prevention Act of 2014, a provision of which retroactively increases the mass transit benefit to \$250 per month, in line with the current benefit for pre-tax parking. This change is retroactive to January 1, 2014 and is in force only through December 31, 2014. Which means on January 1, 2015, the maximum mass transit benefit is again reduced to \$130 per month.

Mass transit and parking benefits are not subject to employer withholding for federal income tax, Social Security and Medicare (FICA) tax, and federal unemployment insurance (FUTA) tax. Therefore, if you have a pre-tax mass transit benefit program for your employees, adjustments may need to be made for any employee who was required to use after-tax dollars in 2014 to pay for benefits over the \$130 per month limit (up to the new \$250 limit). The IRS is expected to issue guidance regarding these adjustments in the near future.

If you have any questions regarding this information, or employee benefits in general, please contact Jo-Anne Mineweaser at 412.594.3920, or jmineweaser@tuckerlaw.com.