

WHAT YOU NEED TO KNOW



Business Deduction Elimination for Mass Transit and Parking Benefits

The [Tax Cuts and Jobs Act](#) (Act) eliminates the business deduction for qualified mass transit and parking benefits starting in 2018, except as necessary for ensuring an employee's safety. The Act also eliminates the exclusion for bicycle commuting expenses for tax years 2018 through 2025.

These benefits (except for bicycle commuting) will continue to be tax-exempt to employees. For 2018, employees can contribute pre-tax up to a maximum of \$260 per month for both qualified mass transit and parking expenses through an employer-sponsored qualified transportation plan under [Section 132\(f\)](#).

The Act's elimination of the business deduction for qualified mass transit and parking benefits means that employers will be taxed on the value of providing qualified transportation fringe benefits. Further, for tax-exempt employers, payments for these benefits will be treated as unrelated business taxable income.

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