

**From the desk of
Peter S. Muffoletto, C.P.A.**

Changes to Qualified Transportation Fringe Benefit Parking Expense Rules

Congress says you can't park for free anymore!

Congress in their ultimate wisdom has determined that far too many people are parking for free, and wants to end this unjust travesty, and horrible situation.

In following the dictates of your Congressmen, and women, the IRS has provided interim guidance for taxpayers to determine the amount of parking expenses for qualified transportation fringes (QTFs) that is no longer deductible for employers if not included in the employee's annual compensation which exceed certain monthly limits.

The Tax Cuts and Jobs Act (TCJA) passed last December limits the amounts allowable for businesses to pay for their employees.

QTFs are defined to include:

1. Transportation in a commuter highway vehicle between the employee's residence and place of employment,
2. Any transit pass, and
3. Qualified parking.

Qualified parking is defined in the IRC as parking provided to an employee on or near the business premises of the employer, or on or near a location from which the employee commutes to work.

This untaxed fringe benefit now has a monthly limitation.

The adjusted maximum monthly excludable amount for 2018 is \$260.

The Internal Revenue Code provides an exception for expenses for goods, services, and facilities to the extent that the expenses are treated by the employer as compensation as to respect to the recipient of entertainment, amusement, or recreation as compensation to its employees, then the amounts remain deductible.

If the cumulative benefits incurred by the business on behalf of an employee exceeds the monthly maximum benefit of \$260, and those amounts are included in the taxable income of the employee, the amounts remain deductible by the employer.

If the total amount of parking, transportation, facilities usage, entertainment, and other qualified goods and services fall below the monthly maximum of \$260, then no reporting or changes need be made.

While these rules are primarily aimed at rank and file employees, these rules also apply to owner/employees as well which may well cause issue for those who own small enterprises who lavishly spend upon themselves and do not include those same expenses in their personal compensation.

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

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