

Update #2 on Fiscal Cliff Commuter Tax Benefits

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On January **4** and **14**, we blogged about the American Taxpayer Relief Act of 2012's (ATRA) increases in the pre-tax contribution that commuters may make towards van pools as well as transit passes.

Prior to the enactment of ATRA, the maximum pre-tax contribution for these modes of transportation was \$125 for 2012 and 2013. ATRA increased this amount for 2012 to \$240 and for 2013 to \$245.

On January 16, the IRS issued **Notice 2013-8**, establishing special administrative procedures for employers to reimburse employees for taxes paid on transit expenses between \$125 and \$240 paid during 2012. The Notice also offers instructions on how to adjust Forms 941 and W-2. Employers are urged to consult with their payroll providers in order to determine how Notice 2013-8 applies to them.

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