The federal limitation for the mass transit and vanpool benefit is $255 a month per employee ($3,060 a year).

The federal limitation for the parking benefit is $255 a month per employee ($3,060 a year).

The bicycle benefit is $20 per qualified bicycle per month.

**How It Works:**

Employers that offer an IRS Qualified Transportation Fringe Benefit program can provide a tax benefit in one of three ways:

1. **Employees Pay:** Employees can use up to $255 of pre-tax income per month to pay for transit or vanpool expenses through payroll deduction, much like a flexible savings plan. When the employee purchases a transit pass or vanpool seat, he/she pays no income tax on the benefit and the employer saves through reduced payroll taxes.

2. **Employer Pays:** Employers can give employees up to $255 per month to pay for the cost of a transit pass or vanpool fare. The employer then receives a tax deduction for the amount and saves over providing the same value in gross income.

3. **Employee & Employer Share the Cost:** When the employer and employee share the cost of a transit pass or vanpool seat, both share in the savings.

**More Info:**

There are no requirements to write a plan document or have IRS approval of the program. In addition, there are no “use it or lose it” rules, and an employer can start a pre-tax program at any time of year or limit enrollment to certain times of the year.