



Qualified Transportation Fringe Benefits under ARRA

Under the American Recovery and Reinvestment Act (ARRA), the monthly tax exclusion for employer-provided commuter highway vehicle transportation and transit pass benefits increased to \$230, effective from March through December 2009.

Employees may exclude from income \$230 per month in transit benefits and \$230 per month in parking benefits — up to a maximum of \$460 per month. Employees may receive benefits for commuter transportation and transit passes and benefits for parking during the same month; they are not mutually exclusive.

These qualified transportation fringe benefits are excluded from an employee's gross income for income tax purposes and from an employee's wages for payroll tax purposes.

Previously, there were two separate monthly exclusion amounts, one for transit passes and commuter highway transportation — such as commuter vans — and a different one for qualified parking. The exclusion amount for qualified parking was set at a higher rate. The new law makes all the exclusion amounts equal and sets them at the higher rate for qualified parking. The law provides the equal benefits through Dec. 31, 2010.

The monthly exclusion amount for 2010 will be adjusted for inflation. It has not yet been set.

More information is available in IRS [Publication 15T](#), New Wage Withholding and Advanced Earned Income Credit Payment Tables (for wages paid through December 2009), [Publication 15B](#), Employer's Tax Guide to Fringe Benefits, and [Revenue Procedure 2009-21](#).

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