



EMPLOYER-PROVIDED TRANSPORTATION FRINGE BENEFITS

TAX INFORMATION RESOURCES

Internal Revenue Service | (800) 829-4933 | www.irs.gov
 Oregon Department of Revenue | (800) 356-4222 | www.oregon.gov/dor
 Oregon Department of Energy | (800) 221-8035 | www.oregon.gov/energy
 Washington Department of Revenue | (800) 647-7706 www.dor.wa.gov

EMPLOYER BENEFITS

An employer can benefit in the following ways by offering transportation fringe benefits:

- Reduce employee absenteeism.
- Reduce employee turnover.
- Support recruiting and retention goals.
- Reduce payroll taxes.
- Reduce large expenses associated with parking.
- Qualify for up to **35%** in Business Energy Tax Credit (BETC) – State of Oregon only.

EMPLOYEE BENEFITS

Employees view transportation fringe benefits extremely favorably and can benefit in the following ways:

- Lower employee commute-related stress.
- Provide additional choices to employees.
- Heighten employee appreciation of employer.
- Help make benefits plans more employee friendly and environmentally friendly.
- Reduce transportation costs.
- Reduce income and social security taxes.

| OPTION | EMPLOYER TAX BENEFIT | EMPLOYEE TAX BENEFIT |
|---|--|---|
| Employers provide up to \$230/month to commute via transit, vanpool, carpool or bike. | Employer saves payroll taxes (9%) compared to offering taxable salary. | Employee receives up to \$230/month tax-free. The employee does not pay any taxes on the value of the fringe benefit. |
| Employers allow employees to use pre-tax income to pay for transit, vanpool, carpool or bike. | Employer saves on payroll taxes (9%). No payroll taxes are paid by the employee on the income that is reserved. | Employee saves on income tax and payroll taxes. The amount of income reserved (up to \$230/month) is no longer treated as taxable salary. |

