



SAVE ON TAXES WHEN YOU VANPOOL OR BUS TO WORK.

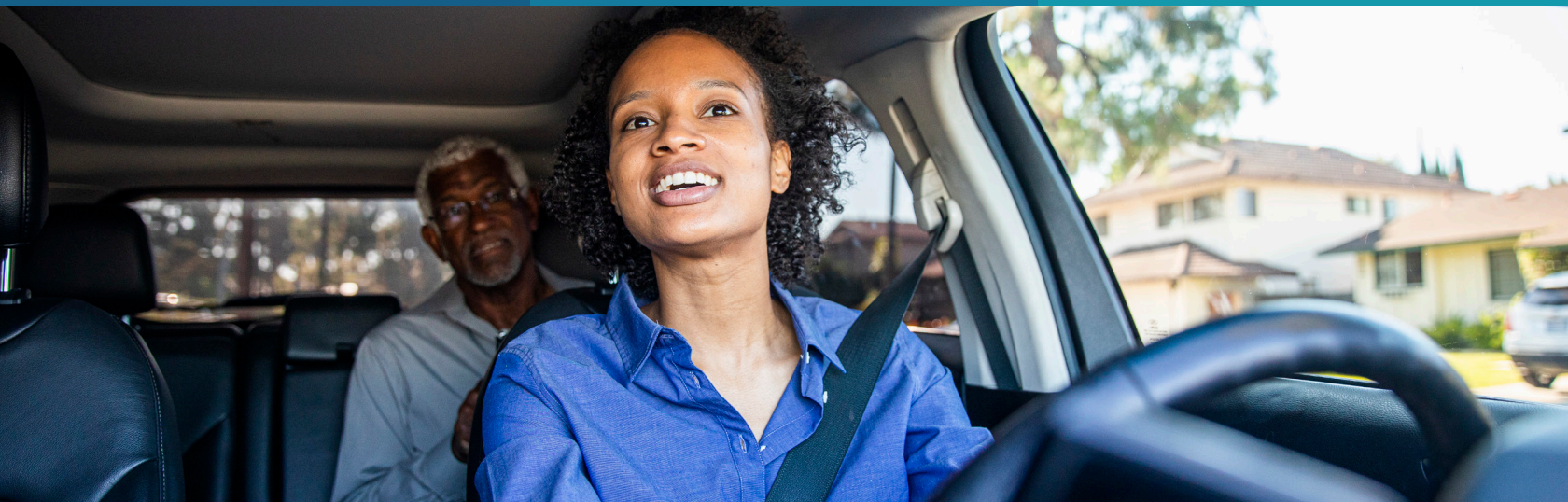
Sure, vanpooling or taking the bus can help reduce traffic and pollution. But did you know that commuting this way also has tax benefits? These savings are in addition to the hundreds of dollars a year saved from auto-related expenses like fuel, maintenance and insurance.

Here's how it works:

The U.S. federal tax code (IRS Code Section 132(f) – Qualified Transportation Benefits) allows employers to provide employees up to \$325 per month for bus transit and vanpool expenses.

An employer can either subsidize commuting expenses related to transit and vanpool
OR
allow employees to set aside pre-tax income to cover qualified transportation costs.

Another option is for employers and employees to share costs. The employer can provide a predetermined subsidy, and the employee elects a pre-tax deduction for the remaining amount up to the monthly maximum.



Payroll taxes do not apply, since the value of the benefit paid to employees is a tax-free transportation benefit and not wage or salary compensation. This allows employees to reserve income on a pre-tax basis and also saves employers payroll taxes. Here's an example showing how much an employee can save.

TAKE-HOME PAY INCREASE WITH
& WITHOUT PRE-TAX BENEFIT PLAN

SAVINGS TO EMPLOYEE		Without Pre-Tax Qualified Transportation Benefit	With Pre-Tax Qualified Transportation Benefit
EMPLOYEE PERSPECTIVE	Average Annual Earnings	\$59,384	\$59,384
	Pre-Tax Transit/Vanpool Deduction	—	(\$3,900)
	Earnings Subject to Taxes	\$44,384	\$40,484
	Estimated Federal Taxes	(\$9,630)	(\$8,864)
	Post-Tax Transit/Vanpool Expense	\$3,900	—
	Annual Take-Home Earnings	\$45,854	\$46,620
	Annual Savings to Employee (Additional Take Home Pay)		\$766

Note: Individual savings may vary based on pre-tax deduction amount, adjusted gross income, marital status, state and local residence, and other factors.

READY TO
RIDE?

Talk with your benefits administrator to learn about
commuter benefits programs available to you – or visit
RideSolutions.org for more information.

