



Tax Reduction Letter

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Reg. Section 1.132-9(b), Q&A-13

Qualified transportation fringes

Q-13.

Is there a limit to the amount of the compensation reduction?

A-13.

Yes. Each month, the amount of the compensation reduction may not exceed the combined applicable statutory monthly limits for transportation in a commuter highway vehicle, transit passes, and qualified parking. For example, for a year in which the statutory monthly limit is \$65 for transportation in a commuter highway vehicle and transit passes, and \$175 for qualified parking, an employee could elect to reduce compensation for any month by no more than \$240 (\$65 plus \$175) with respect to qualified transportation fringes. If an employee were to elect to reduce compensation by \$250 for a month, the excess \$10 (\$250 minus \$240) would be includible in the employee's wages for income and employment tax purposes.