

Van Pool, Transit Pass and Parking Amounts up by \$10

The IRS has released [Revenue Procedure 2021-45](#), which includes cost-of-living adjustments for employee qualified transportation fringe benefits for the 2022 taxable year, along with annually adjusted numbers for 2022 for other tax provisions. The combined monthly limit for transportation in a commuter highway vehicle and a transit pass will increase to **\$280** in 2022, up from the 2021 limit of \$270. The monthly limit in 2022 for qualified parking will also increase to **\$280** from \$270.

Internal Revenue Code Section 132(f) allows employers to offer qualified transportation benefit programs to their employees on a tax-free basis. Under these programs, employees can choose to have money withheld from their taxable compensation to pay or reimburse work-related expenses for qualified parking, transit passes and transportation in certain commuter highway vehicles (e.g., qualifying van pools). Employers may also provide these benefits tax-free to employees. Employers are not allowed a deduction for providing the benefits.

Section 132(f) establishes a maximum monthly amount of qualified transportation benefits employees may exclude from their income, subject to cost-of-living adjustments announced by the IRS before the beginning of each calendar year. Both employee pre-tax salary deferrals and employer-paid benefits, if any, count toward the maximum amount.