

## EMPLOYEE & EMPLOYER BENEFITS

of providing  
commuter benefits



Participating employers can offer a tax benefit from an IRS qualified Transport Fringe Benefit program. Employees can use pre-tax income per month through payroll deductions or flexible savings plans. This method saves the employer and employee payroll taxes. Additionally, the employer can give employees the cost of rideshare services, like vanpool fees, providing the employer with a tax deduction and savings compared to providing that value in gross income. Rideshare and other commuter tax benefits are allowed up to \$255 for transit and vanpool, \$255 per month for parking, and \$20 per month for bicycle commuting.

### Experience Employer-Employee Tax Savings

- Employer-paid commuter benefits are an economic alternative to providing an increase in taxable salary, and provide a greater value to employees due to a decrease in payroll (FICA) and income taxes.
- Commuter benefits can result in a decrease in corporate income taxes by serving as a deduction.
- The administrative costs associated with managing a commuter benefit program can also be deducted from corporate income taxes.
- If an employer does not want to offer subsidized commuter benefits, the use of existing pre-tax income by employees allows the employer to reduce payroll taxes by the match portion of that income.
- The state of Texas does not collect state income taxes and therefore does not provide additional tax credits. However, because of the existence of both state and local sales and use taxes in the state of Texas, an increase in take-home pay is increasingly valuable to employees.

## Value of Commuter benefits TO EMPLOYEE

### MARRIED WITH 2 ALLOWANCES AT \$35,000/YEAR

Monthly Commuting Benefit Level	Annual Value to Employee	Monthly Salary Increase Level	Annual Value to Employee	Annual Increase in Take-Home Pay
\$30.00	\$350.00	\$30.00	\$296.46	\$63.54
\$50.00	\$600.00	\$50.00	\$494.10	\$105.90
\$75.00	\$900.00	\$75.00	\$741.15	\$158.85
\$100.00	\$1,200.00	\$100.00	\$988.20	\$211.80

Source: 2013 Best Workplaces for Commuters, Commuter Benefits, Table 3. Take-Home Pay Increase Levels with Pre-Tax Plan (Page 14)

## Value of Commuter Benefits TO EMPLOYER

### MARRIED WITH 2 ALLOWANCES AT \$35,000/YEAR

Monthly Commuting Benefit Level	Annual Employer Savings Per Employer	Annual Employer Savings on Payroll Taxes (FICA) by Numbers of Employees			Eligible Business Expense Tax Deductions on Corporate Income Taxes		
		10	50	100	10	50	100
\$30.00	\$28.00	\$275.00	\$1,377.00	\$2,754.00	\$350.00	\$1500.00	\$3,000.00
\$50.00	\$46.00	\$459.00	\$2,295.00	\$4,590.00	\$500.00	\$2500.00	\$5,000.00
\$75.00	\$69.00	\$689.00	\$3,443.00	\$6,885.00	\$750.00	\$3750.00	\$7,500.00
\$100.00	\$92.00	\$918.00	\$4,590.00	\$9,180.00	\$1,000.00	\$5,000.00	\$10,000.00

Source: 2013 Best Workplaces for Commuters, Commuter Benefits, Table 3. Take-Home Pay Increase Levels with Pre-Tax Plan (Page 14)

## Other Employer Benefits

Worksites benefit from a rideshare program in different ways. The tables above show the substantial employee and employer savings that can be had. Additional benefits to employers include:

### Reduce On-site Traffic and Parking Congestion:

Offering commuter benefits can increase the quality of life for all employees, even those employees that chose not to participate in the programs, by reducing congestion and parking demand.

### Reducing stress and making better use of time getting to and from work:

Time in a vanpool or carpool can be spent differently than time spent driving. When not needing to drive; employees can read, listen to music, or discuss work issues. Biking to work takes care of the commute and the need for routine exercise.

**Reducing Air Pollution:** Reduced emissions reduces medical treatment costs and is necessary to keep SE Texas within federally set standards, enabling years of continued industrial growth and prosperity.

**Reducing Traffic Congestion:** Nobody likes to sit in traffic. Fewer cars on the road, means more room for everybody else. Intersections can perform better and safety improves.



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