

Federal Bicycle Commuter Benefit

How it Effects and Benefits Employers

- 1) Employers now can offer a pretax benefit for their employees who bike to work, without reducing their overall tax liability,
 - a) Employers can deduct the amount of the benefit just as any other wage expense,
 - b) And employers will save about 9.5% on every dollar that their employees receive through this program because they won't have to pay FICA payroll taxes.
- 2) The Bicycle Commuting Reimbursement was added to the list of qualified Transportation Fringe Benefits covered in section 132 (f) of the IRS Code on January 1, 2009.
- 3) Qualified bicycle commuting reimbursement amounts are found in IRS Publication 15-B, 2010, pages 19-20.
 - a) This includes up to \$20.00 per month, per employee for bicycle commuting expenses, e.g., purchase of a bicycle, accessories, clothing, repairs and storage.
 - b) Employees must be current. Independent contractors, self-employed and 2% or greater shareholders of S corporations are not treated as employees for this benefit.
- 4) A qualified bicycle commuting month, is one in which the employee
 - a) "regularly uses" a bicycle for a "substantial portion" of travel between an employee's residence and place of employment, and
 - b) does not receive
 - i) reimbursement for transportation in a commuter highway vehicle,
 - ii) any transit pass, or
 - iii) qualified parking benefits.
- 5) There is no minimum number of miles or days per month accounting required. Employers can apply their own interpretation to "regular use" and "substantial portion."
- 6) The IRS does not require a formal written plan document, but smart employers will anticipate workers' requests for a Bicycle Commuter Benefit and put a policy in place which defines who is eligible, how much the company will pay, etc.
 - a) Sample acceptable policy guidelines are provided by the Meredith Company. These can be found at:
<http://www.docstoc.com/docs/32417294/bicycle-commuter-credit-guidelines>
- 7) To minimize administrative effort and expense, employers can require employees to log commuting days and expenses for a one-time annual reimbursement of up to \$240.00.
- 8) Employers report exempt wages on Form 941 Employers Quarterly Federal Tax Return and Form 944 Employers Annual Federal Tax Return.
- 9) If employers already contract with a Commuter Benefit Provider, they should ask the person who coordinates these benefits to enroll your company in the bicycle commuter benefit program.

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How it Affects and Benefits Employees

- 1) The Bicycle Commuting Reimbursement was added to the list of qualified Transportation Fringe Benefits covered in section 132 (f) of the IRS Code on January 1, 2009.
- 2) This is a voluntary employer-paid tax-free fringe benefit to you for "reasonable expenses" incurred as a bicycle-to-work commuter.
- 3) "Reasonable expenses include purchase of a bicycle, accessories, clothing, repairs and storage.
- 4) There is an annual limit of \$240.00, or however much your employer chooses to offer up to \$20.00 per month, as long as you do not receive any other transportation benefit for carpooling, vanpooling or parking.
- 5) Talk to your employer and tell them that you want this benefit. If there are other bike-to-work commuters at your workplace, tell them to speak up too.
- 6) The League of American Bicyclists (LAB) offers downloadable Reimbursement Cards for implementing the Bicycle Commuter Act in your workplace as easy as possible:

http://www.bikeleague.org/resources/commuters/reimbursement_cards.php
- 7) Simply sign the monthly pledge card that states you commuted to work by bicycle at least three days per week, and then staple your receipts to the card.
- 8) Deliver the cards to your employer's designated benefits coordinator
- 9) Ask your Congressmen to work with Congressman Earl Blumenauer of Portland, Oregon to pass HR 863, which would allow bicycle commuters to accept the public transit benefits, and divert the \$20.00 per month from their own money, rather than requiring it to be provided by their employers.