

# TAX-FREE COMMUTER BENEFITS FOR YOUR EMPLOYEES

***Subsidizing DTA passes is a great addition to your employee's fringe benefit package because they are tax-free for your employees and fully tax-deductible for your business.***

## Commuter Pass Program

### Tax-Free Employee Benefits

The DTA's Commuter Pass Program and tax-free transit benefits will encourage your employees to take the bus - freeing up parking for your customers, lessening the demand for employee parking and supporting "green" environmental initiatives. Transit benefits are tax-free to employees and tax-deductible for employers through Internal Revenue Code 26 USC 132-f. This permits employers to offer employees a tax-free benefit, up to \$125 per month, to commute to work using public transportation, rather than driving. Transit benefits are tax-deductible for employers like commonly offered employee fringe benefits. See [www.publictransportation.org](http://www.publictransportation.org) for details.

### Subsidized DTA Passes

The Commuter Pass Program enables participating employers to offer tax-free subsidies to employees buying a 31-Day Pass at work. The DTA establishes "on-site pass outlets" for participating employers and assists them in marketing the benefits.

### Commuter Pass Partners

Presently participating in the Commuter Pass Program and offering discounts for their employees are: Essential Health (St. Mary's Medical Center, Duluth Clinic, Miller-Dwan and Polinsky Rehabilitation), St. Luke's Hospital, Minnesota Power, TeleResources Inc., Maurice's, Barr Engineering, Wells Fargo Banks, St. Louis County and the City of Duluth.

## Options for Every Budget

### Employer-Paid Benefit

Employers offering full transit benefits for employees can take full advantage of this federal tax break. In the Twin Ports, the total cost of a DTA pass is fully deductible for employers, as the cost is less than \$230 per month. Employers offering transit benefits (in lieu of wage increases) will save on FICA, Federal employment and Federal income taxes.

### Employee-Paid Pre-Tax Benefit

By establishing a pre-tax deduction program, employers can allow their employees to use part of their existing gross income to pay for their bus pass. Even though the employee pays full price for the transit benefit, they save by paying less Federal payroll and income taxes. The amount of the pre-tax payroll deduction is no longer reported as taxable salary. In many areas, this deduction may also be free of state or city income taxes.

### Fare Share Benefit

The third option enables employers and employees to share the costs. The employer subsidizes a portion of the cost and allows employees to pay for the balance from pre-tax income. Whatever amount the employer contributes, they will save on payroll taxes. Employees will save on income taxes by having their portion of the cost regularly deducted from their paychecks.

### Company-wide Pass

The fourth option is the establishment of a company-wide pass program, which gives employees unlimited DTA service for an annual fee. The DTA will survey current ridership at a business and determine an annual employer costs for this option. Company I.D. cards or DTA fare cards can be used for this option.

## Getting Onboard the DTA Commuter Pass Program with Tax-Deductible and Tax-Free Employee Benefits

Getting onboard the DTA's Commuter Pass Program is easy. Just contact the DTA Marketing Department to get started. A "pass outlet arrangement" will be established at your business for the convenience of your employees. The DTA will also help market the new tax-free transit benefits to your employees with colorful posters and ready-to-use promotional ads for ongoing placement in company newsletters. The size of your business is not a factor. The Commuter Pass Program is designed for businesses of any size. For more information or to sign-up for the program, contact DTA Marketing Director Tom Elwell at 623-4314 or [telwell@duluthtransit.com](mailto:telwell@duluthtransit.com).

