



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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CC:TEGE:EOEG:ET2
CONEX-128635-02

[REDACTED]

Dear [REDACTED]

This letter responds to your letter dated March 14, 2002, in which you request information concerning tax breaks for public transportation. We assume that you are referring to nontaxable qualified transportation fringe benefits as provided in Internal Revenue Code (Code) § 132(f).

Code § 132(a) provides that employers may exclude from their employees' gross income any fringe benefit that qualifies as a "qualified transportation fringe," which includes certain benefits that employers provide to their employees for commuting to work. Code § 132(f) defines the term "qualified transportation fringe" to include transportation benefits provided by employers to their employees for (1) travel in a commuter highway vehicle if such travel is between the employee's residence and place of employment, (2) any transit pass, and (3) qualified parking. The monthly amount that may be excluded from an employee's gross income is \$100.00 for the aggregate benefit of transportation by commuter vehicle and by transit pass and \$185.00 for qualified parking.

We have enclosed a copy of Internal Revenue Service Publication 15-B, "Employer's Tax Guide to Fringe Benefits" for your information. The rules pertaining to qualified transportation fringe benefits are set forth on page 15 of this publication.

If you have any questions, please do not hesitate to call [REDACTED]
[REDACTED] at (202) 622-6040.

Sincerely,
Lynne Camillo
Chief, Employment Tax Branch 2
Office of the Assistant Chief Counsel
(Exempt Organizations/Employment
Tax/Government Entities)

Enclosure