



Office Memorandum

Date: December 23, 2013

To: Agency Payroll, HR and Accounting Staff

From: Mary Muellner, Director
Statewide Payroll Services

Bruce Anderson, Manager
Employee Insurance Division

Subject: Transit Expense Accounts – Bus Pass/Van Pool Expenses

In 2013, a portion of the transit expense accounts for bus pass and vanpool expenses are considered a taxable benefit and are subject to state withholding tax. For employees who put money into a Transit Expense Account for bus pass or van pool expenses, and were reimbursed more than \$125 a month, the amount over \$125 is subject to Minnesota state withholding. The American Tax Payor Relief Act of 2012 was signed into law on January 2, 2013, extending a higher limit for transit benefits for federal taxes. However Minnesota did not adopt the same extension, making transit benefits that exceed \$125 a month taxable.

Adjustments have been made, and affected employees will see the resulting taxes taken on their next check dated 12/27/2013. Additional adjustments may be processed during the week of 12/30/2013. The earn code will be EDQ, and the Description is: Taxable Benefit-Txbl MN Only; Short Description = Txble Bnft.

Employer-provided parking benefits are not affected and had no change in taxability. Minnesota continues to allow the same maximum tax exemption the federal law allows for pretaxed parking benefits.

Agency Payroll, HR and Accounting staff should contact Jodi Ehlenz at 651-259-3707 or jodi.ehlenz@state.mn.us if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF