



**Regional
Transportation
Authority**

For immediate release

DATE: November 8, 2007

CONTACT: Diane Palmer, RTA Communications Director, 312-913-3282 or 312-907-6902 (cell)

IRS TO INCREASE TRANSIT BENEFIT AMOUNT IN 2008

Chicago – Commuters and their employers will be able to reap even greater tax benefits for using transit or vanpools next year with the Internal Revenue Service’s decision to increase the amount of pre-tax income that can be set aside to pay for transit.

New IRS procedures increase the amount of pre-tax income that employees can set aside and/or businesses can provide as a fringe benefit to cover the costs of public transit or vanpools up to \$115 a month (\$1,380 per year) beginning January 1, 2008. The current maximum set aside amount is \$110 a month (\$1,320).

Chicago area commuters through their employers can take advantage of this tax-savings by having their employees enroll in the RTA/CTA Transit Benefit Program. This program enables employers to use tax-free dollars to purchase either CTA fare cards or RTA FareChecks which are then distributed to employees to cover the cost of their monthly commute. CTA fare cards can be used to pay for fares on both the CTA and Pace while RTA FareChecks are vouchers that can be redeemed to purchase fares on the CTA, Metra, Pace, the South Shore Railroad, vanpool and on certain Amtrak routes.

“Taking advantage of the increase in the transit benefit allowance may help riders stretch their transit dollars even further,” commented Phil Shayne, RTA’s Director of Regional Services. “We encourage companies to look at offering this important transit benefit to their employees.”

Under IRS regulations, transit benefits can be provided by an employer either in addition to, or in lieu of, current compensation. These benefits are not, however, allowed to be part of cafeteria plans or flexible spending accounts. Commuter benefits can be used as follows:

1. Starting in January, employers may give their employees up to \$115 a month to commute to work by mass transit or eligible vanpools. The employer pays for the benefit and gets a tax deduction. Employees get the benefit amount tax-free.

----- **MORE** -----

IRS INCREASES TRANSIT BENEFIT AMOUNT – PAGE 2

2. Employers may allow their employees to use their pre-tax income to pay for transit or vanpooling. Employers do not pay for the benefit but allow employees to take advantage of the tax savings from using their gross income to pay for qualified commuting expenses. Employees save over \$400, and typically more than \$500 in taxes they would otherwise pay. Employers see a reduction in their payroll costs on the amount set aside since they do not pay taxes on this amount.

3. Employers may share the cost of commuting with their employees. Employers give their employees some amount of the qualified commuting expenses tax free and let the employees set aside their gross income to pay the remaining amount up to the federal monthly limit of \$115 a month.

For more information on the RTA's Transit Benefit Program, call 1-800-531-2828 or log on to www.rtachicago.com.

###

About the RTA: The RTA provides financial oversight, funding and regional planning for the three public transit operations in Northeastern Illinois: The Chicago Transit Authority (CTA) bus and train, Metra commuter rail and Pace suburban bus and paratransit. For more information, visit www.rtachicago.com and www.MovingBeyondCongestion.org.