

# SUPERCEDED BY HR/Benefits 2005-04

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**Date:** January 26, 2004  
**To:** Human Resources Directors  
**From:** Cathy Robinson  
Assistant Vice Chancellor  
Human Resources Administration  
**Subject:** Transportation Incentives – 2004 Exclusion Rates

**Code:** TECHNICAL LETTER  
HR/Benefits 2004-02

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The 2004 exclusion rates for qualified transportation fringe benefits are being provided for campuses with transportation incentive programs developed to comply with regional air quality programs. The qualified parking rate corresponds to the new CSU Pre-Tax Parking Deduction Program.

<u>Qualified Transportation Fringe Benefit (QTFB)</u>	<u>2003 Rate</u>	<u>2004 Rate</u>
Transportation in a commuter highway vehicle/transit passes	\$100/month	\$100/month
<i>The monthly amount that may be excluded from an employee's gross income is \$100 for the aggregate benefits of transportation in a commuter highway vehicle and by transit pass.</i>		
Qualified parking (Employer-provided parking)	\$190/month	\$195/month
The monthly amount that may be excluded from an employee's gross income is \$195 for qualified parking.		

The monthly exclusion rate for **all** QTFBs cannot exceed the combined rate of \$295/month (\$100 + \$195) for 2004.

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Qualified transportation fringe benefits under Internal Revenue Code (IRC) Section 132(f) are excluded from gross income. Amounts exceeding these exclusion rates are taxable, reportable income.

As a reminder, a qualified transportation fringe benefit means any of the following provided by an employer to an employee:

- a. Transportation in a “commuter highway vehicle” if such transportation is in connection with travel between the employee’s residence and place of employment.

A commuter highway vehicle is a vehicle with seating capability of at least six adults, not including the driver. There must be a reasonable expectation that at least 80 percent of the mileage vehicle use is for transporting employees between their residences and places of employment, using at least one-half of the adult seating capacity of the vehicle, not including the driver.

Please note that personal use of a commuter highway vehicle is reportable as taxable income.

- b. Any transit pass

A transit pass includes any pass, token, farecard, voucher or similar item entitling a person to transportation, or transportation at a reduced price, on mass transit or in certain vehicles for hire.

- c. Qualified parking

Qualified parking is parking provided to an employee on or near the business premises of the employer or on or near a location from which the employee commutes to work by mass transit, in a commuter highway vehicle or by carpool.

The CSU Pre-Tax Parking Deduction Plan, effective January 1, 2002, allows eligible employees to pay for qualified parking expenses via salary reduction with pre-tax dollars. Information pertaining to this new systemwide benefit program is available on the Human Resources Administration’s Web site at: <http://www.calstate.edu/Benefits/flexible/parking.tl.shtml>.

CSU transportation program incentives such as prizes, gift certificates, gifts or merchandise earned through point accumulation programs, and script which may be used to purchase merchandise at discounted prices, are taxable fringe benefits.

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If you have any questions, please call Human Resources Administration at (562) 951-4411. This technical letter is also available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

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