



## IRS Confirms Options for Unused Qualified Transportation Benefits Due to COVID-19

### Facts

The IRS released Information Letter 2020-0024 in response to an inquiry it received from a qualified transportation plan participant with unused transit benefits due to COVID-19. In particular, the participant explained that due to the COVID-19 pandemic he was now driving to work rather than taking public transportation, and he asked whether his unused benefits could be rolled over to another account.

### Background

An Internal Revenue Code Section 132(f) qualified transportation program provides reimbursement for certain transportation expenses funded directly through employer contribution or reimbursement, or employee salary reduction. The type of expenses that can be reimbursed under this type of program include van pooling, mass transit fares, and/or qualified parking. For 2020 and 2021, the limit on reimbursement for commuter highway vehicle (van pooling) and transit passes is \$270 per month; the limit for qualified parking is also \$270 per month.


### IRS Information Letter 2020-0024


Information Letter 2020-0024 explains that unused compensation reduction amounts under an employer's qualified transportation plan can be carried over to subsequent periods and used for future commuting expenses, as long as the employee has made a valid compensation reduction election and remains employed with the employer. In addition, unused amounts can be applied to another type of qualified transportation benefit, such as qualified parking, to the extent that the other benefit is offered under the employer's plan and the maximum monthly amount for that benefit is not exceeded.

However, in Information Letter 2020-0024 the IRS cautions that the qualified transportation plan regulations do not authorize cash refunds of qualified transportation fringe benefits that are provided through a compensation reduction agreement.

IRS Information Letter is available at: <https://www.irs.gov/pub/irs-wd/20-0024.pdf>

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