

TAXES ON EMPLOYEE PARKING

ASK YOUR CPA OR TAX ADVISOR TO SEE IF YOU SHOULD TAKE ACTION **BEFORE MARCH 31**

Some employers offer reserved parking as an added perk to their employees, either as a temporary award or more permanent assignment. The Tax Cuts and Jobs Act amended Section 274(a)(4) of the tax law so that it “generally disallows a deduction for expenses with respect to QTFs [Qualified Transportation Fringes] by taxpayers to their employees,” meaning that providing a reserved parking spot to an employee may not be a tax deductible expense as of 2018. Employers can reclassify reserved parking as open parking by March 31; taking this action is retroactive to January 2018 and therefore could save an employer in 2018 taxes.

The tax law is complex, though, and parking can qualify as a business deduction if more than half of the available parking is open to use by the general public, including customers, visitors, and vendors.

Please talk to your CPA or tax advisor to see if you should take action by the March 31 deadline. They can advise you on the intricacies of the tax law and recommend whether you should end this perk and reclassify reserved employee parking to make it available to the general public.



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