

Transportation and Parking Accounts

Introduction

The University of Tennessee is now offering the opportunity to enroll in a Qualified Transportation Fringe Benefit Plan as allowed by IRS Code 132. This plan provides two pre-tax alternatives to help meet your transportation needs and expenses associated with getting back and forth between home and work.

The transportation account and the parking account benefits employees by allowing them to designate an amount, up to the established limitations, to be withheld from their paychecks as a pre-tax benefit. These deductions are exempt from Federal Income and Social Security taxes. Participation in this program will result in the employee having a lower tax obligation during each calendar year in which they participate.

Eligibility

Parking - To be eligible you must be a regular employee or medical resident, and you cannot be participating in the University's parking deduction to enroll in the parking plan. (The university's parking deductions are already treated as pre-tax income).

Transportation - To be eligible you must be a regular employee or medical resident. You can be enrolled in parking and still be eligible for the transportation account.

Enrollment

Although the plan year begins on January 1 and ends on December 31, there is no annual enrollment period for existing employees. An employee may enroll in a Transportation Account and/or a Parking Account at any time during employment.

If you wish to begin participation, enrollments or changes received by the 15th of the month will have an effective date of the 1st of the following month. Termination requests received by the 15th of the month will be effective on the last day of the month received.

To enroll in a Transportation Account and/or a Parking Account, complete the Transportation and Parking enrollment form and designate the total dollar amount to be withheld each month. For calendar year 2011, Parking and Transportation Accounts are limited to a maximum of \$230.00 per month. These limits are subject to change by the IRS at any time.

Changing Deduction Amounts

The costs associated with the use of mass transit and parking are subject to change at any time. To maximize the benefit of these accounts, deductions for Transportation and Parking Accounts can be changed each month, if desired. To change the amount, complete a new Transportation and Parking enrollment form and check the change deduction amount box. Also, designate the new amount and effective date, and then submit the form to the University-wide Payroll Office.

Forms received by the 15th of the month will have an effective date of the 1st of the following month.

Termination of Accounts

Transportation and Parking Flexible Benefits Accounts can be terminated at any time by the employee. To end participation, complete a new Transportation and Parking enrollment form and check the box indicating the account is to be stopped. The form must provide a termination date and be signed by the employee.

When an employee terminates for any reason, his/her account will be stopped as of the last date worked. Any request for reimbursement must be for expenses incurred during the time of employment. If funds are not claimed by June 30th of the following year, the amount will be forfeited.

Reimbursement Process

An employee may request reimbursement by completing a Transportation and Parking reimbursement request Form.

Under the appropriate section, transportation or parking, list the date the expense was incurred, the name of the service provider, and the dollar amount being requested. The request form will also need to be signed and dated before the request can be processed.

Along with the completed form, the employee must submit copies of receipts that will justify the expense. The receipt must contain the name and address of the service provider (name and address of owner if a private van was used), the date the expense was incurred, the name of the employee, and the amount of the expense. Cancelled checks, credit card statements, and bank statements are not acceptable as receipts to prove a charge has been incurred.

Parking receipts will normally be issued through an automated process and will not include the employee's name. These receipts will be accepted if the other criteria are on the receipts.

Once the reimbursement has been audited and entered for payment, the employee can expect the

reimbursement to be included on his/her paycheck. For Monthly employees the reimbursement form must be received in the UWA Payroll Office by the 15th of the month (10th for December). For Biweekly employees the reimbursement form must be received in the UWA Payroll Office on Monday the week before payday.

Year End Balances and Forfeiture

Employees who have an available account balance in a Transportation or Parking Flexible Benefits Account as of December 31st will have until June 30th of the following year to claim the remaining funds. However, the expenses must have been incurred within the year just ending. Previous year fund balances unclaimed by June 30th will be rolled to an active current year account of the same type. There is no annual “use it or lose it” rule.

Definitions

Qualified Parking - Qualified Parking means parking provided to the employee on or near the business premises of the Employer; or on or near a location (“park and ride”) from which the employee commutes to work through use of a transit pass, in a van pool, or other mass transit facility such as a train or a ferry boat. A maximum amount of \$230 per month is allowed as a before-tax benefit. The maximum amounts are subject to change at any time by the IRS. (Note: University employees cannot use this program for payroll deductions for parking in University parking lots).

Qualified Transportation Expense - A “Qualified Transportation Expense” is the cost incurred by the employee to commute from home to work and from work to home on a public mass transit system, or by participating in a qualified van pool. Examples are commuter rail services, public bus systems, taxi service, shuttle service, a van pool operated through a transportation arrangement with the State or a public transit system, or a privately owned van that qualifies as a “commuter highway vehicle.”

The IRS defines a “commuter highway vehicle” as a vehicle that meets the following requirements:

- The seating capacity of which is at least six adults (not including the driver);
- At least 80 percent of the mileage use of which is reasonably expected to be used for purposes of transporting employees in connection with travel between their residences and their place of employment.
- On trips during which the number of employees transported for such purposes is at least ½ of the adult seating capacity of such vehicle not including the driver.

The maximum allowed before-tax benefit for Qualified Transportation Expense is currently \$230, this amount is subject to change at any time by the IRS.