



The Official Website of the Department of Revenue (DOR)

Department of Revenue

[About DOR](#)

Individuals	Businesses	Tax Professionals	All Taxes	Child Support	Local Officials	Forms	E-Services
-----------------------------	----------------------------	-----------------------------------	---------------------------	-------------------------------	---------------------------------	-----------------------	----------------------------

[Home](#) > [Businesses](#) > [Help & Resources](#) > [Legal Library](#) > [Technical Information Releases](#) > [TIRs - By Year\(s\)](#) > [2012 Releases](#) >

TIR 12-1: Massachusetts Tax Year 2012 Exclusion Amounts for Employer-Provided Parking, Transit Pass and Commuter Highway Vehicle Benefits

I. Introduction

This Technical Information Release ("TIR") explains the Massachusetts personal income tax tie-in to the federal personal income tax exclusion for employer-provided parking, transit pass and commuter highway vehicles benefits allowed to employees. The TIR describes the 2012 Massachusetts adoption of this federal exclusion based on the January 1, 2005 Code provisions that provide and calculate the annual exclusion benefit.

II. Discussion

In general, the Massachusetts personal income tax follows the provisions of the Internal Revenue Code ("the Code" or "IRC"), as amended on January 1, 2005 and in effect for the taxable year, in determining Massachusetts gross income. In particular, Massachusetts follows IRC § 132(f) as amended and in effect on January 1, 2005, which excludes from an employee's gross income (subject to a monthly maximum) employer-provided parking, transit pass and commuter highway vehicle transportation benefits.^[1] However, two federal Acts enacted subsequent to January 1, 2005 created a temporary difference between the Massachusetts and federal exclusion amount for the transit pass and commuter highway vehicle transportation benefits for tax years 2009, 2010 and 2011.^[2] For tax year 2012, the two federal Acts have expired, resulting in Massachusetts once again adopting the federal exclusion amount for both the employer-provided parking and transit pass and commuter highway vehicle benefits.^[3]

III. Massachusetts Adoption of Federal 2012 Tax Year Inflation Adjustments for Employer-Provided Parking, Transit Pass and Commuter Highway Vehicle Benefits

Annually, the IRS issues a revenue procedure announcing the calculated inflation adjustments, if any, as to dollar amounts set forth in certain Code provisions, including the exclusion amounts for the employer-provided parking, transit pass and commuter highway vehicle benefits referenced in IRC § 132(f). For the 2012 tax year, the IRS has calculated, based on the January 1, 2005 Code, the 2012 exclusion amounts for employer-provided parking and combined transit pass and commuter highway vehicle transportation benefits as \$240 and \$125 per month respectively.^[4] Massachusetts adopts the inflation adjustments based on the January 1, 2005 Code,^[5] and therefore adopts the 2012 tax year monthly exclusion amounts of \$240 per month for employer-provided parking and \$125 per month for combined transit pass and commuter highway vehicle transportation benefits.

/s/Amy Pitter

Amy Pitter
Commissioner of Revenue

AP:MTF:jmw

January 5, 2012

TIR 12-1

^[1] Massachusetts does not adopt the federal qualified bicycle commuting reimbursement. See IRC 132(f)(D), effective for tax years beginning after December 31, 2008 and added by the federal Energy Improvement and Extension Act of 2008 (P.L. 110-343).

^[2] The federal Acts were, respectively, the American Recovery and Reinvestment Act of 2009, P.L. 111-5, enacted on February 17, 2009 and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("2010 Tax Relief Act"), P.L. 111-312, enacted on December 17, 2010. As an example of the difference, for tax year 2011 the Massachusetts exclusion amount for the transit pass and commuter highway vehicle transportation benefit was \$120 per month based on the January 1, 2005 Code; whereas the corresponding federal exclusion amount was \$230 per month based on the 2010 Tax Relief Act. See TIR 10-20 for a further discussion of the Massachusetts and federal differences in the 2009, 2010 and 2011 tax year exclusion amounts for the combined transit pass and commuter highway vehicle transportation benefits.

[\[3\]](#) It is possible that Congress could make further changes to IRC § 132(f) after the publication of this TIR. Massachusetts will not adopt any changes to IRC § 132(f) unless the Massachusetts legislature acts to adopt such changes.

[\[4\]](#) Revenue Procedure 2011-52.

[\[5\]](#) IRC, §§ 1(f)(3), 132(f)(6).

© 2011 Commonwealth of Massachusetts.

Mass.Gov® is a registered service mark of the Commonwealth of Massachusetts.

[Site Policies](#) [Contact Us](#)