

**Department of the Interior**  
**Guidelines for Participation in the Transportation Fringe Benefit Program**

**Program Objective:** The objective of this Program is to further the policy of the Department of the Interior (Department) to promote the use of public transportation by all employees.

**How the Department's Transportation Fringe Benefit Program (Program) Works**

Employees who use public transportation (i.e., subway, bus, rail) for commuting to and from work, or who commute in a commuter highway vehicle (as defined below) are eligible to receive tax benefits for qualifying transportation expenditures by participating in this Program. The tax benefit will increase take home pay each pay period, thus offsetting a portion of the employee's expenditures on public transportation.

**How Employees Benefit From This Program**

Employees who participate in this Program will realize a reduction in their taxable gross income by the amount of qualifying public transportation expenses (limited to a maximum of \$65 per month). The benefit provides an employee with the ability to reduce his or her actual commuting expenses for a transit pass or transportation in a commuter highway vehicle by receiving a pretax payroll deduction in the amount of qualified transportation expenses. For example, an employee with qualifying transportation expenses of \$65 per month, paying 28% in federal income tax, 6% in state income tax, 6.2% in Old Age, Survivor and Disability Insurance (OASDI) and 1.45% in Medicare will realize an annual benefit of \$324.87, as illustrated below:

Annual pretax deductions (\$65 x 12) .....	\$780.00
<u>Estimated employee tax savings</u>	
Federal income tax (28%) .....	\$218.40
State income tax (6%) .....	\$ 46.80
OASDI (6.2%) .....	\$ 48.36
Medicare (1.45%) .....	\$ 11.31
<b>Total Estimated Tax Savings/</b>	
<b>Commuting Costs Reduction .....</b>	<b>\$324.87</b>
<b>Increase in biweekly "take home" pay .....</b>	<b>\$ 12.49</b>

**Note:** Public law authorizes a federal pretax deduction for transportation fringe benefits. While most states generally follow suit, each State is allowed to make its own determination as to whether to allow a pretax deduction for state taxes and, therefore, this deduction must be specifically authorized by each State.

The pretax deductions operate in a manner comparable to that of the current Thrift Savings Plan – gross earnings (subject to taxes) are reduced before applying tax withholding. This increases the biweekly “take home pay.”

This transportation fringe benefit is not a transit subsidy program because the employee makes all necessary arrangements for his/her transportation, and the Department is not involved in any manner in the purchase or distribution of farecards. There is no exchange of funds or transit passes between the Department and the employee. The employee continues to acquire his or her transit pass and/or to pay for the commuter highway vehicle transportation in the same manner as in the past. The employee reaps the benefits through the biweekly pretax payroll deduction as illustrated above.

### **Requirements for Eligibility in the Program**

Any employee who has a “stable” commuting pattern (see below), and who uses a transit pass or a commuter highway vehicle, as defined below, to commute to and from work is eligible to sign up for this Program.

Transit pass. A transit pass is any pass, token, farecard, voucher, or similar item entitling a person to transportation if such transportation is on mass transit facilities (whether or not publicly-owned) or provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle the seating capacity of which is at least six (6) adults (not including the driver).

Commuter Highway Vehicle. A commuter highway vehicle must have a seating capacity of at least six (6) adults (not including the driver), and at least 80 percent of the mileage use is reasonably expected to be for purposes of transporting employees in connection with travel between their residences and their places of employment and 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 stated requirements for eligibility are prescribed by statute. Thus a van pool meeting the size and usage requirements above would qualify for inclusion in this Program, while a typical car pooling arrangement would not.

### **Qualifying Transportation Expenses**

Subject to the maximum allowable limit (currently set at \$65 per month), qualifying transportation expenses may include: rail, bus and subway fares paid for commuting to and from work, fees paid for parking in the vicinity of the public transportation (e.g., parking provided at subway stations), and fees paid to individuals who operate a commuter highway vehicle. As noted earlier, participation in a car pooling arrangement will usually not qualify for inclusion in this Program given the size and usage requirements.

## **What is a “Stable” Commuting Pattern, and Why is it Required?**

The objective of this Program is to encourage and reward employees for using public transportation for commuting to and from work on a regular, ongoing basis. Thus, an occasional or sporadic use of public transportation does not qualify an employee for enrollment in this Program. Stability in the commuting pattern also helps keep the associated administrative costs at an acceptable level, since enrollment requires supervisory approval and servicing personnel office review, as well as data entry into the Federal Personnel/Payroll System (FPPS). A “stable” commuting pattern does not necessarily mean or imply that an employee use the same method of travel five days each week. Employees may have a “stable” commuting pattern which involves using public transit for two days each week, using a commuter highway vehicle one day each week, and driving the remaining two days in a personally-owned vehicle. Thus, “stable” means that except for rare occurrences, the commuting pattern does not change.

## **Employee Obligation to Maintain Records of Actual Transportation Expenses**

Like all programs which affect the taxable income of an employee, participants in this Program will be responsible for maintaining records documenting actual transportation expenses incurred in commuting to and from work. An Actual and Claimed Transportation Expenses Form (Expenses Form), DI-2016, has been prepared for this purpose, and is attached. It serves two primary purposes: (1) to ensure that the actual transportation expenses match the claimed expenses; and (2) to serve as documentation in the event that the Internal Revenue Service audits employees who participate in this Program. As noted in a subsequent section, every effort has been made to keep the administrative burdens associated with record-keeping to a minimum level.

## **How Can I Enroll?**

An employee may enroll in this Program by completing an Application for Participation in Transportation Fringe Benefit Program (Enrollment Form), DI-2015, certifying that he or she uses a transit pass or a commuter highway vehicle between residence and place of employment. Enrollment Forms may be obtained from your servicing personnel office.

## **Roles and Responsibilities**

### **A. Of the Employee -**

1. *Enrollment.* The employee must annually submit an Enrollment Form to his or her supervisor or manager to receive these transportation fringe benefits. Enrollment Forms must be completed by November 30, each year. An employee who initially enrolled in this Program after September 30 of any given year will not be required to re-enroll until November 30 of the following year. Example: An employee initially enrolled in this Program on October 25, 1999. This employee’s re-enrollment must be completed by November 30, 2000.

2. *Accuracy.* The employee is responsible for ensuring that actual expenditures for qualifying transportation expenses match the amounts claimed on the Enrollment Form. For this reason, employees should keep track of actual transportation expenses incurred against transportation expenses claimed by updating the Expenses Form regularly. The employee should submit another Enrollment Form through his or her supervisor to the servicing personnel to reflect any change in stable commuting patterns that cause the deduction from gross earnings to change materially. While some variation will likely occur, it may not be material. For example, if your transportation expenses are \$250 a month and you do not commute for two weeks during a certain month because you are on leave, you would not submit another Enrollment Form because you would still qualify for the full \$65 per month pretax deduction. However, if transportation expense differences are the result of changes in the commuting pattern, and materially impact the amount of transportation expenses which may legally be claimed, a change request should be initiated, using the Enrollment Form.

To allow the FPPS to accurately assess the correct amount of the transportation fringe benefit for each employee based on actual commuting expenses, employees must annually submit an Expenses Form along with his or her Enrollment Form.

Failure to provide correct information on the Enrollment Form, failure to submit a change in enrollment within 30 days of the effective date of change, or failure to submit an Expenses Form may lead to termination of an employee's transportation fringe benefits and, if circumstances warrant, an appropriate disciplinary action, and possible prosecution for Federal income tax evasion and violation of 18 U.S.C. § 1001 (making false statements).

B. Of the Supervisors - The supervisor will review the employee's Enrollment and Expenses Forms and verify that the information provided by the employee is correct to the best of his or her knowledge. The supervisor is obligated to ask the employee to provide more detailed specifics on the nature and type of commuting patterns and provide any expense documentation to support commuting costs if the information provided by the employee is not enough for the supervisor to attest to the accuracy. After signing the Enrollment Form, the supervisor will forward the executed Enrollment Form (signed by both the employee and the supervisor), and Expenses Form where applicable, to the Servicing Personnel Office for processing.

C. Of Servicing Personnel Offices - Servicing Personnel Offices will receive the executed Enrollment and Expenses Forms and review the forms for completeness. If the forms are incomplete; e.g., contain missing commuting information, have missing signatures, etc., the Servicing Personnel Office will return them to the employee for completion. If the forms are complete, the Servicing Personnel Office will code the information for pretax payroll deductions into the FPPS, if currently using payroll update commands. If not using the payroll commands, the Servicing Personnel Office should forward the forms to the Payroll Operations Division for input. After the forms are processed, a copy will be forwarded to the employee. Servicing Personnel Offices will provide information on this Program to all new hires and transfers as part of their orientation package, and will maintain supplies of Enrollment and Expenses Forms.

Detailed implementation instructions for processing the Enrollment Forms will be provided by the Payroll Operations Division to each bureau's FPPS representative.

D. Of Administrative/Parking Program Coordinators - Administrative/Parking Program Coordinators will conduct periodic verifications to ensure that parking privileges extended to employees are consistent with the enrollment information provided by employees who participate in this Program (i.e., employees who claim they are using public transportation five days per week should not also be receiving unrestricted parking privileges in the vicinity of their office). This validation may simply entail a comparison of the names on the roster of parking passes against the enrollment information for this Program. Together with the supervisory review of the Enrollment Forms, the verification of parking information represents an important element of the management control process for ensuring that transportation fringe benefits are not subject to abuse.

**Department of the Interior**  
**Application for Participation in Transportation Fringe Benefit Program**

Name: \_\_\_\_\_

Home Address: \_\_\_\_\_  
Street

\_\_\_\_\_ City State Zip Code

Bureau: \_\_\_\_\_ Program/Region: \_\_\_\_\_

SSN: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

**1. Type of Action (Check One).** See instructions on back of form.

\_\_\_\_ Original Enrollment      \_\_\_\_ Re-Enrollment      \_\_\_\_ Canceling Enrollment

**2. Selections - Mark your selection and provide commuting information (if applicable) below.**

\_\_\_\_ A. I commute in a **commuter highway vehicle** \_\_\_\_ days per week. My commuting cost is \$ \_\_\_\_\_ per month.

A **commuter highway vehicle** must have a seating capacity of at least six (6) adults, not including the driver and at least 80 percent of the mileage used must be for purposes of transporting employees in conjunction with travel between their residences and place of employment, and on trips during which the number of employees transported for such purposes is at least 1/2 of the adult seating capacity of such vehicle (not including the driver).

\_\_\_\_ B. I use a **transit pass** to commute \_\_\_\_ days per week. My commuting cost is \$ \_\_\_\_\_ per month.

A **transit pass** means any pass, token, fare card, voucher, or similar item entitling a person to transportation if such transportation is on mass transit facilities (whether or not publicly-owned), or provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle the seating of which is at least six (6) adults (not including the driver).

\_\_\_\_ C. I am **canceling** my participation in the transportation fringe benefit program as of \_\_\_\_\_ (date).

**3. Parking Information.** I currently \_\_\_\_ do \_\_\_\_ do not receive parking privileges/benefits from my bureau for a van or private automobile. I park my van or private automobile \_\_\_\_ days per week.

**4. Re-enrollment** is required annually, or when an employee's actual public transportation expenses change materially from amounts claimed on previous forms.

**"I hereby certify I am eligible for a qualified transportation fringe benefit under 26 U.S.C. 132(f). I will be using to benefit exclusively for my regular direct commute from my home to work and return. I will not give, sell, barter, exchange, convey, or otherwise transfer it to any other person. I understand and agree false certifications may result in an appropriate disciplinary action, and possible prosecution for Federal income tax evasion and violation of 18 U.S.C. § 1001 (making false statements).**

5. Employee Signature \_\_\_\_\_ Date \_\_\_\_\_

6. Supervisor Signature \_\_\_\_\_ Date \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING APPLICATION

- 1. Type of Action.** Check "Original Enrollment" for initial enrollment in the Program; check "Re-enrollment" for annual renewal or any change to information on the current enrollment form that would require an adjustment to the pretax deduction; and check "Canceling Enrollment" for terminating participation in the Program.
- 2. Selections.** Mark an "X" in the appropriate block. An employee who is eligible for a qualifying transportation fringe benefit may exclude up to \$65 per month from his/her gross income for taxable years after December 31, 1998. For taxable years beginning after December 31, 2001, an employee may exclude \$100 per month. **All qualifying transportation expenses should be expressed as a monthly total.** The monthly transportation expenses claimed will be converted to a biweekly amount by the by the employee's Federal Personnel/Payroll System representative. **An employee transportation fringe benefit (deduction) cannot exceed the actual commuting costs per month.**
- 3. Parking Information.** Employees who claim to be using public transportation five days per week should not also be receiving unrestricted parking in the vicinity of their offices.
- 4. Re-enrollment.** This form must be completed annually to receive transportation fringe benefits. Re-enrollments must be completed by November 30<sup>th</sup> of each year. An employee who initially enrolled in the Program after September 30, of any given year will not be required to re-enroll until the following year. **Example:** An employee enrolled in the Program on October 25, 1999. This employee's re-enrollment must be completed by November 30, 2000. **However, when there is a change in the stable commuting patterns that would cause the deduction from gross earnings to change, the employee must re-enroll within 30 days of the effective date of the change.**
- 5. Certification.** Be sure to read statements before signing.
- 6. Authorization.** Each employee's supervisor is required to sign the application, attesting that he or she has no reason to question the information provided by the employee.

Forward the original form to your **Servicing Personnel Office** for processing.

**Privacy Act Notice:** In compliance with the Privacy Act of 1974, individuals furnishing information on the application are hereby advised as follows:

1. Authority: 5 U.S.C. §§ 301, 1302; 26 U.S.C. § 132(f); and Executive Order 9397 authorize the collection of this information.
2. Purposes and Uses: The information you provide on the application will be used to determine your eligibility for the Program. The information will be provided to the Parking Offices to ensure that parking privileges extended to employees are consistent with the enrollment information provided by employees who participate in the Program. The information will be used by Department of the Interior officials who have a need to know.
3. Routine Uses: The information may also be disclosed to routine users as listed in the Federal Register under OS-86 and OPM/GOVT-1, General Personnel Records, including to law enforcement agencies when they are investigating a violation of civil or criminal law.
4. Voluntariness: Providing information for this form is voluntary. However, if the form is incomplete, your enrollment in the Program cannot be processed.

### For Servicing Personnel Office Use Only

Approved by: \_\_\_\_\_ Date \_\_\_\_\_

### Pretax Payroll Deduction

Start: PP \_\_\_\_\_ End: PP \_\_\_\_\_ Amount: \$ \_\_\_\_\_ (per pay period)

**Department of the Interior**  
**Actual and Claimed Transportation Expenses**

MONTH	ACTUAL EXPENSE	CLAIMED EXPENSE	DIFFERENCE (plus or minus)
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTALS			

Employee Name: \_\_\_\_\_

SSN: \_\_\_\_\_ Bureau: \_\_\_\_\_ Tax Year: \_\_\_\_\_

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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