

Congress retroactively reinstates transit benefit parity and Work Opportunity Tax Credit


This morning Congress passed **PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015** (H.R. 2029) that includes a provision making permanent the parity in parking and transit benefits. If signed into law by the President as expected, effective January 1, 2015, the monthly limit on transit benefits will increase from \$130 to \$250 per month and to \$255 per month for 2016. (See Revenue Procedure 2015-53).

Once this law is enacted, the IRS is expected to issue guidance, which similar to last year, would provide employers with a streamlined mechanism for filing for FICA refunds on the fourth quarter 2015 Form 941.

Also included in the bill is a retroactive reinstatement of the Work Opportunity Tax Credit for five years, from 2015 through 2019. The provision also modifies the credit beginning in 2016 to apply to employers who hire qualified long-term unemployed individuals (i.e., those who have been unemployed for 27 weeks or more) and increases the credit with respect to such long-term unemployed individuals to 40% of the first \$6,000 of wages.

A detailed analysis of the bill is forthcoming.

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