

University of South Carolina – Columbia Campus

Changes to the pre-tax parking plan

Why did the Tax Cuts and Jobs Act change parking benefits?

The Tax Cuts and Jobs Act passed by Congress affects employer-provided qualified transportation fringe benefits, including workplace parking plans. Employee parking costs beginning July 1, 2019 and after are no longer a deductible expense, meaning they are subject to Social Security, Medicare and Federal withholding taxes.

What affect with this change have on my net pay?

The amount of your parking deduction will now be subject to Social Security, Medicare and Federal Withholding taxes.

Depending on an employee's selected parking decal (reserved or surface lot), income tax bracket and Form W-4 tax data, the tax impact varies.

For Example:

<u>Employee Deduction for parking per pay period</u>	<u>\$32.50</u>	<u>\$12.00</u>
Social Security Tax (6.2%)	\$1.95	\$ 0.74
Medicare(1.45%)	\$0.45	\$ 0.17
Federal Withholding(20% - estimate)	<u>\$6.50</u>	<u>\$ 2.40</u>
Total Estimated Taxes	\$8.90	\$ 3.31

Will I continue to see a charge for parking on my paystub?

Yes, if you have signed up for a payroll deduction for your parking decal, the remainder owed will continue to be deducted from your paycheck and move from the "Before-tax deductions" section to the "After-tax deductions" section.