

Not-for-profits are to pay tax on employee parking

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Courtesy of the Tax Cuts and Jobs Act (TCJA), if your agency provides parking to its employees, you may need to pay unrelated business income tax (UBIT) on the cost of that benefit. Qualified parking is considered a qualified transportation fringe benefit (QTFB) and as a result of TCJA, tax-exempt organizations that provide this benefit will now have to pay taxes on the cost of the benefit. Qualified parking provided to an employee includes parking that is on or near the employer's business premises as well as parking at a location from which the employee commutes to work.

Parking is provided by an employer if:

1. The parking is on property that is owned or leased by the employer
2. The employer pays for the parking
3. The employer reimburses the employee for parking

The rate tax on this benefit is 21% for QTFB costs incurred after January 1, 2018.

For more information, please contact:



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Karen has lengthy experience with both for-profit and not-for-profit healthcare organizations specializing in auditing, revenue cycle consulting and certification of their Medicaid cost reports and specialized compliance audits.