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Permanent Commuter Tax Benefit Kicks in First Work Week of 2016

WASHINGTON, D.C. – U.S. Congressman Rodney Frelinghuysen (NJ-11) is reminding commuters to take advantage of a renewed and improved federal tax policy to help pay for the cost of bus and train fares.

"Starting this week, a renewed new tax policy presents a real opportunity for tens of thousands of commuters across northern New Jersey," said Frelinghuysen, a long-time advocate for mass transit. "This change which was enacted last month puts real money back into their wallets and represents a huge win for our region!"

The tax package approved by Congress in December, the Protecting Americans from Tax Hikes Act (PATH) sets the maximum transit commuter tax benefit at the same level car commuters get for parking expenses. Both classes of commuters can now pay for those costs with up to $255 in pre-tax income per month. Estimated annual savings could exceed $1,000. Retroactively, qualified transportation benefits, such as transit passes, vanpools, and parking, provided by employers are excluded from income up to $250 a month for 2015. This amount will increase to $255 in 2016 and is indexed to inflation.

"Northern New Jersey is the most densely populated region of the most densely-populated state in the nation and anything we can do to get commuters off the roads and into mass transit will reduce congestion and traffic jams and improve the quality of life for everyone in our region."

Until now, commuters who drive to work have regularly received greater tax relief than their counterparts who use public transportation. In 2015, motorists were able to set aside up to $250 monthly in pre-tax earnings to cover their commuting expenses, while bus, train and ferry riders were limited to just $130 a month.

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